



ITEM ID: 2024-345-0

TRANSMITTAL DATE: December 6, 2024

MEETING DATE: December 13, 2024

TO: Board of Directors

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: Financial Results for the First Four Months of FY25 - October 2024 Ridership, Revenue, and Operating Results

Issue

"Metrolink Reinvented" 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 four months ended October 31, 2024.

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 unflagging 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 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.

Ridership and Revenue from the Student Adventure Pass Pilot Program 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 maintenance agreement. The amendment added \$1.1M in Mobilization expense and \$0.7 in equipment maintenance expense. The amended FY25 Arrow Service budget now has Operating Revenue of \$0.2M, Expense of \$17.5M, and Support of \$17.3M.

Discussion

Ridership

For the four months ended October 31, 2024, ridership recovery was forecast at a recovery of 58% or 2.4M boardings, while the actual recovery through October is 61% or 2.5M boardings. Total ridership generated by the Student Adventure Pass program through September was 0.7M.

Revenue

Through the first four months of FY25, the Authority's farebox revenue actuals were less than the revenue as budgeted. Farebox revenue is budgeted at \$14.1M or a 54% recovery, while the actual farebox revenue is \$13.8M, a 53% recovery, a budget shortfall of \$0.3M. Amounts include the Student Adventure Pass Pilot program. The total amount of revenue from the Student Adventure Pass Pilot program for the four months ended October is \$2.6M.

Operating Results

The Metrolink Operating Statement for the four months ended October 2024 is based on accruals not actuals.

- Operating Revenue is \$22.0M, over budget by \$0.3M.
- Expenses (excluding un-utilized Mobilization) are \$95.9M, below budget by \$12.8M.
- Support required is \$73.9M, below budget by \$13.1M.

Outstanding Receivables

As of October 2024, Metrolink had \$85M of past due receivables outstanding.

The majority of the past due amount (54%) is unpaid Member Agency Support, while another large portion is an amount owed for the Working Capital Fund (39%).

Available Cash

In September 2024, cash available is \$40.3M, which is under the \$50M threshold established by the Board by \$9.7M.

Arrow Service

Ridership

For the first four months of FY25 ridership was forecasted at 46K boardings, while the actual ridership is 50K boardings. Total ridership generated by the Student Adventure Pass Pilot program though the first four months was 24K boardings.

Revenue

Through October 2024, Arrow Service farebox revenue was budgeted at \$64K. Actual farebox revenue was \$126K, above budget by \$61K. This revenue includes \$61K generated by the Student Adventure Pass Pilot program.

Operating Results

The Arrow Service October 2024 Operating Statement is based on accruals not actuals.

Total Operating Revenue is \$211K, above budget by \$143K.

Expenses are \$4.8M, below budget by \$0.6M.

Support required is \$4.6M, below budget by \$0.8M.

Performance Metrics

In response to a Board Member request, staff has constructed a series of analyses comparing the relative performance of Metrolink service lines, and the comparison of Metrolink to other Transit Agencies across the country, in the following categories:

- Cost per Train Mile
- Farebox Revenue per Train Mile
- Farebox Recovery Ratio
- Recovery of Pre-Covid Ridership

Student Adventure Pass Program Update

Student ridership in the period July through October of 2023 totaled 376K. Following the introduction of the free Student Adventure Pass Program in October 2023, ridership swelled to 770K, for the period July through October of 2024. This represents an increase of 105% systemwide. Although all lines have seen substantial increases, the volume of those increases range from 78% to 169%.

Staff continues working on fare evasion mitigations associated with this program.

Budget Update

Budget development is on track. The CFO is currently reviewing the submitted budget and expects to request meetings with Member Agency CFOs for mid-December.

Next Steps

Revision to the Optimized Service and Budget thereof:

Slots deemed unavailable on Freight owned tracks have forced the reduction of four trains from the Optimized Service as originally planned. Staff will bring an amendment to the Board to remove the revenue and costs associated with these four trains, as soon as updated ridership and revenue forecasts are available from Sperry Capital / KPMG.

Staff will continue to report to the Board monthly on the Ridership, Revenue, and Financial Performance results.

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

Approved by: Arnold Hackett, Chief Financial Officer

Attachment(s)

[Attachment A - Metrolink Operating Statement](#)
[Attachment B - Arrow Operating Statement Attachment](#)
[Presentation - October 2024 Financial Results](#)