



**ITEM ID:** 2025-260-0

**TRANSMITTAL DATE:** June 20, 2025

**MEETING DATE:** June 27, 2025

**TO:** Board of Directors

**FROM:** Tom Schamber, Interim Chief Financial Officer

**SUBJECT:** Adoption of the Proposed FY2025-2026 (FY26) Arrow Service Budget

### **Issue**

Under the terms of the Joint Exercise of Powers Agreement (JPA), the Authority is required to adopt a budget for the succeeding fiscal year no later than June 30th of each year. The Proposed FY2025-26 (FY26) Arrow Service Budget consists of the Operating Budget and State of Good Repair/New Capital Projects Budget for Arrow Service.

Arrow Service provides Diesel Multiple Unit (DMU) transportation over a 9-mile rail corridor from San Bernardino-Downtown to Redlands-University. Arrow achieved revenue service in late October 2022. This service is funded solely by San Bernardino County Transportation Authority (SBCTA).

### **Recommendation**

It is recommended that the Board:

1. Conduct a Public Hearing on the Arrow Service Budget; and
2. Approve adoption of the FY2025-2026 Budget for Arrow Services.

### **Strategic Commitment**

This report aligns with the Strategic Business Plan commitments of:

- **Safety is Foundational:** We will stay on the 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 equity-focused opportunities for all communities throughout Southern California.

## **Background**

### Public Hearing Requirement:

Members of the public will be notified of this public hearing in accordance with applicable requirements, by advertisements in newspapers and publications in English and foreign languages, throughout the five- county areas served by the SCRRA in the following newspapers (listed by newspaper, audience and language):

Orange County Reporter (OC), English  
Ventura County Star (VT), English  
Daily News (LA), English  
Riverside Press Enterprise (RIV), English  
San Bernardino County Sun (SB), English  
LA Sentinel (African American), English  
Armenian Media Network (Armenian),  
Armenian Beirut Times (Arabic/Lebanese), Arabic/Lebanese  
Panorama (Russian), Russian  
La Opinion (Spanish), Spanish  
Rafu Shimpo (Japanese), Japanese  
World Journal (Chinese), Chinese  
The Korean Times (Korean), Korean  
Asian Journal (Tagalog), Tagalog  
Nguoi Viet Daily News (Vietnamese), Vietnamese  
Iranshahr Weekly (Persian), Persian

The Authority's Proposed FY26 Arrow Service Budget is posted on the [metrolinktrains.com](http://metrolinktrains.com) website.

The Proposed FY26 Arrow Service Budget with all attachments was transmitted to the San Bernardino County Transportation Authority for their consideration and adoption on April 30, 2025.

## Budget 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.

FY26 is the second year of complete budgeting for Arrow Service.

## Discussion

The Proposed FY26 Arrow Service Budget was produced in collaboration with SBCTA staff. The Proposed FY26 Operating Budget for Arrow Service reflects:

- Revenue of \$690K
- Expenses of \$18.2M
- Support required of \$17.5M

The comparisons of the Proposed FY26 Budget to the FY25 Budget, including category details, are shown in Attachment A. Attachment B shows the historical details of Operating Statements for Arrow Service. The Proposed FY26 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 to the FY25 Budget.

## Capital Program Budget

State of Good Repair (SGR) = \$500K

New Capital = \$424K

A detail of the budgeted SGR amount is in Attachment E. A detail of the budgeted New Capital amount is in Attachment F. A cash flow for the Capital Program is included as Attachment G.

## Operating Revenue

Operating Revenue consists of:

Farebox Revenue in the amount of \$371K, an increase of \$169K or 84% from FY25 (Farebox Revenue has been provided in a forecast by Sperry Capital/KPMG); amounts from LCTOP Grant for reduced student fares in the amount of \$54K; *Mobility for All* subsidy in the amount of \$10K; combining to total Pro Forma Farebox Revenue in the amount of \$435K, an increase of \$223K or 105.2% from the FY25 budget.

Operating Revenue also includes MOW Revenue in the amount of \$255K provided by freight railroads to compensate for usage of track owned by SBCTA. In total, Operating Revenue at \$690K is an increase of \$478K or 225.3% from FY25.

## Expense consists of the following Major categories:

- Train Operations = \$14.1M
- Maintenance of Way = \$1.8M
- Administration and Services = \$2.2M
- Insurance and Legal = \$0.1M

- New Federal Regulation - CFR 245 & 246 = \$16K

The major expense drivers are:

- Equipment Maintenance = \$4.2M
- Train Operators = \$4.1M
- Security = \$2.6M (including both Sheriffs and Guards)
- MOW = \$1.8M
- Materials = \$1.4M
- Operations Salaries and Fringe Benefits = \$1.0M

Expenses for both Dispatching and Maintenance of Way have been calculated in accordance with MOU 20-1002367 between SBCTA and SCRRA. This budget also reflects expenses arising from the transition of equipment and facility maintenance from Metrolink and Alstom to Stadler. Expenses total \$18.2M, an increase of \$0.7M or 3.9% from the FY25 Budget. Support required is \$17.5M, an increase of \$0.2M or 1.2% from the FY25 Budget.

Details of all elements of the FY26 Budget, comparisons to the adopted FY25 Budget, and Capital Project Details are attached.

Attachment A - FY26 Proposed Operating Budget with Comparison to FY25 Budget

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

Attachment C - FY26 Proposed Operating Budget for Arrow Service

Attachment D - History of actual and budgeted Operating Support with variances of FY26 vs FY25 for Arrow Service

Attachment E - FY26 SGR Request for Arrow Service

Attachment F - FY26 New Capital Request for Arrow Service

Attachment G - FY26 Capital Program Cash Flow for Arrow Service

### **Budget Impact**

Adoption of the Proposed FY26 Arrow Service Budget will create a budget and spending authority for Metrolink for the fiscal year 2025-2026.

Prepared by: Christine Wilson, Assistant Director, Finance

Approved by: Tom Schamber, Interim Chief Financial Officer

### **Attachment(s)**

[Attachment A - Budget FY26 v FY25](#)

[Attachment B - Historical Budget](#)

[Attachment C - Operating Budget](#)

[Attachment D - Support](#)

[Attachment E - FY26 SGR Request for Arrow Service](#)

[Attachment F - FY26 New Capital Request for Arrow Service](#)

[Attachment G - FY26 Capital Program Cash Flow for Arrow Service](#)

[Presentation - Adoption of Proposed FY26 Arrow Service Budget](#)