



**ITEM ID:** 2023-297-0

**TRANSMITTAL DATE:** September 15, 2023

**MEETING DATE:** September 22, 2023

**TO:** Board of Directors

**FROM:** Arnold Hackett, Chief Financial Officer

**SUBJECT:** Financial Results for the Month ended July 31, 2023 - Ridership and Revenue and Operating Results

### **Issue**

In response to the effects of the COVID-19 pandemic and the related decline in Metrolink ridership, staff committed to a monthly update on ridership and revenue, instead of quarterly as was the prior practice. In recognition of the impact of uncertain farebox revenue on Member support, staff also committed to reporting monthly on operational performance. This report covers both topics.

### **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 subsidy 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.
- **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.

## **Background**

On June 23, 2023, the SCRRA Board of Directors adopted the FY24 Operating Budget. The FY24 Operating Budget reflects revenue of \$52.8M, expense of \$303.4M, and support of \$250.7M.

This item will report on the ridership and revenue recovery as measured against FY2018-19 Revenue, which was the last full year of operations pre-pandemic. Comparisons and variance are shown between the forecast and actual recovery.

For the FY24 Budget staff continued its engagement Sperry Capital and KPMG to lend assistance and additional expertise to our ridership forecasting. Sperry Capital and KPMG provided an analysis depicting best-case, mid-case, and worse-case scenarios. The analysis was presented to the Board on February 24, 2023, with a conservative staff recommendation that the worse-case scenario be used in the creation of the FY24 Budget.

The Farebox Revenue in the FY24 Budget is based on the worst-case scenario as described above.

The following is an update to the September AFCOM report:

Information on Arrow service does not include comparisons to budget. Metrolink staff is currently working with San Bernardino County Transit Authority to construct a budget for FY24. Currently, a continuing resolution has been put in place to provide funding for the service until that FY24 Budget is adopted. The adoption of the budget expected to occur in November, 2023.

## **Discussion**

### **Revenue**

Through July 2023, the Authority's farebox revenue actuals surpassed the revenue as budgeted for FY24. Fiscal year-to-date through July, revenue is budgeted at \$2.6M or 41% recovery, while the actual revenue is \$2.7M, a 43% recovery, exceeding the budget by \$46K.

A chart of revenue by line through July 2023 is included in this package.

### **Ridership**

Fiscal year-to-date through July, ridership recovery was forecast at 41% or 402K boardings, while the actual recovery fiscal year-to-date is 44% or 431K boardings, exceeding the forecast by 30K boardings.

A chart of July 2023 ridership by line is included in this package.

### **Operating Results**

The Metrolink Operating Statement for the one month ended July 2023 is based on accruals:

Operating revenue is \$4.5M, over budget by \$0.4M.

Expenses are \$20.7M, under budget by \$3.9M (based on accruals). Support required is \$16.1M, under budget by \$4.3M.

### **Arrow Service**

#### **Revenue**

In the month of July 2023, Arrow Service had farebox revenue of \$18,985, and ridership of 6,655.

#### **Operating Results**

The Arrow Service Operating Statement through July 2023 is based on accruals.

Expenses are \$1.1M, under budget by \$0.4M. Support required is under budget by \$0.5M.

### **Next Steps**

Staff will continue to report monthly on the revenue and ridership recovery and financial results.

Prepared by: Christine J. Wilson, Senior Finance Manager

Approved by: Arnold Hackett, Chief Financial Officer

### **Attachment(s)**

[Presentation - July 2023 Financial Results for Board](#)