



ITEM ID: 2025-106-0

TRANSMITTAL DATE: January 17, 2025

MEETING DATE: January 24, 2025

TO: Board of Directors

FROM: Arnold Hackett, Chief Financial Officer

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

Issue

"Metrolink Reimagined" 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 five months ended November 30, 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 or budget 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 five months ended November 30, 2024, ridership recovery was forecast at a recovery of 59% or 3.0M boardings, while the actual recovery through November is 62% or 3.2M boardings. Total ridership generated by the Student Adventure Pass Pilot program through September was 1.0M.

Revenue

Through the first five months of FY25, the Authority's farebox revenue actuals exceeded the revenue as budgeted. Farebox revenue is budgeted at \$17.1M or a 52% recovery, while the actual farebox revenue is \$17.4M, a 53% recovery, over budget by \$0.3M. Amounts include the Student Adventure Pass Pilot program. The total amount of revenue from the Student Adventure Pass Pilot program for the five months ended November is \$3.4M.

Operating Results

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

- Operating Revenue is \$27.1M, over budget by \$0.6M.
- Expenses (excluding un-utilized Mobilization) are \$121.6M, below budget by \$13.4M.
- Support required is \$94.4M, below budget by \$14.0M.

Outstanding Receivables

As of November 30, 2024, Metrolink had \$50.2M of past due receivables outstanding.

The majority of the past due amount (65%) is owed for the Working Capital Fund, Member Agency Support is 29%. Staff is in the final stages of approving an agreement for the Working Capital Fund monies.

Available Cash

In November 2024, cash available is \$62.8M, which exceeds the \$50M threshold established by the Board.

Arrow Service

Ridership

For the first five months of FY25 ridership was forecasted at 57K boardings, while the actual ridership is 62K boardings. Total ridership generated by the Student Adventure Pass Pilot program though the first five months was 33K boardings.

Revenue

Through November 2024, Arrow Service farebox revenue was budgeted at \$80K. Actual farebox revenue was \$165K, above budget by \$85K. This revenue includes \$85K generated by the Student Adventure Pass Pilot program.

Operating Results

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

- Total Operating Revenue is \$271K, above budget by \$187K
- Expenses are \$6.4M, below budget by \$0.6M.
- Support required is \$6.1M, below budget by \$0.7M.

Student Adventure Pass Pilot Program

Total Student/Youth ridership has increased from 534K for the five (5) month period July - November 2023, to 955K for the five (5) month period July - November 2024, an increase of almost 100%.

Next Steps

Planning Revisions to the Optimized Service and Budget:

As with any new and innovative initiative, real world experience informs needed revisions to the original plan. A number of possible course corrections for the Optimized Service are being considered. Staff will bring an amendment to the Board to adjust both revenues and cost as required to reflect revisions, once those revisions have been approved by the Member Agencies.

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

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

Approved by: Arnold Hackett, Chief Financial Officer

Attachment(s)

[Attachment A - November Operating Statement](#)

[Attachment B - November Arrow Operating Statement](#)

[Presentation - November 2024 Financial Results](#)