



**ITEM ID:** 2025-152-0

**TRANSMITTAL DATE:** March 7, 2025

**MEETING DATE:** March 14, 2025

**TO:** Audit and Finance Committee

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

**SUBJECT:** FY25 Mid-Year Operating Budget Review Amendment

### **Issue**

It is a practice of Metrolink to perform a review of the Annual budget at mid-year to identify any revisions that may be needed as a result of changed circumstances. Any needed revisions are then recommended to Member Agencies for approval prior to request for adoption by the Metrolink Board as an Amendment to the existing budget. Needed revisions have been identified for FY25 and are presented in this item.

### **Recommendation**

It is recommended the Committee recommend the Board adopt this Amendment to the FY25 Operating Budget and that no additional funds be requested from or returned to Member Agencies as a result of this Amendment. Instead, a reconciliation will be completed at the end of Fiscal Year 2025.

### **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 unflinching concern for ridership trends, and to ensure our actions are serving their needs.

## **Background**

This amendment addresses five issues with respect to the FY25 Operating Budget as Adopted.

1. The revision of Farebox Revenue per the updated Sperry Capital / KPMG forecast.
2. Inclusion of the Student Adventure Pass Pilot Revenue in the FY25 Operating Budget.
3. Expense changes as a result of revisions to the Optimized schedule as budgeted:
  - o Removal of 2 Orange County line round trips
  - o Removal of 10 round trips - LAUS to Covina
  - o Addition of 5 round trips - LAUS to Montclair
4. Reduction of the estimated Mini-Bundle Mobilization costs consistent with the negotiated contract.
5. Addition of the San Bernardino County Transportation Authority request to add San Bernardino Sheriff services beginning April 1, 2025.

## **Discussion**

### Revised Revenue Forecast

Changed student ridership prompted staff to request a reforecast of Ridership and Revenue from Sperry Capital/KPMG. Student revenue in this forecast is at zero. Only funds from LCTOP will be recognized as described below. Changes to the San Bernardino line occurred too late to be included in this reforecast.

### Student Adventure Pass Program Revenue

When the FY25 Budget was constructed, there was no surety that the Student Adventure Pass Program Pilot would continue. Thus, the budget was constructed with current student rider levels at a 25% discount.

The updated Sperry Capital/KPMG forecast includes no student revenue.

Staff is recommending that the funding received from the LCTOP grant be included in the Budgeted Operating Income.

### Changes to Optimized Schedule

Orange County Line –

- Metrolink planned to implement the Optimized Service adding 36 new trains in October of 2024. However, before service implementation four (4) of the Orange County Line trains scheduled to be included in the Optimized Service were removed. This change resulted in the addition of 32 trains instead of 36 trains. This information came after the FY25 Budget was completed.

## San Bernardino Line –

- Upon implementation, it was determined that the 20 “bounce-back” trains between Union Station and Covina were not feasible. Those trains were revised to 10 “bounce-back” trains between Union Station and Montclair.

## San Bernardino Sheriffs

San Bernardino County Transportation Authority (SBCTA) decided to fund additional law enforcement through assigning San Bernardino Sheriffs to the San Bernardino Line within San Bernardino County. The San Bernardino Sheriffs will begin service on April 1, 2025.

## Mobilization

Mobilization for the Mini-Bundle was estimated at over \$10.3M, while the actual negotiated amount is \$7.9M.

Budget amendments amounts required for each of these items are as follows:

- Revenue Reforecast (\$7.9M)
- Student Adventure Pass \$6.3M
  - Total Revenue Effect (\$1.6M)
  
- OC Line Trains (\$0.6M)
- Optimize New (\$0.3M)
- SBCTA Sheriffs \$0.8M
- Mobilization Cost (\$2.5M)
  - Total Expense Effect (\$2.5M)

Total change to Member Support = (\$0.9M)

The presentation Power Point included displays the amounts by Member Agency, and the changes to the individual Operating Statement categories.

## **Budget Impact**

The adoption of this Amendment will revise the FY25 budget.

New total Revenue will be = \$66.4M or \$1.6M less.

New total Expense will be = \$329.5M or \$2.5M less.

Total support required will be = \$263.1M or \$0.9M less

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

Approved by: Arnold Hackett, Chief Financial Officer

## **Attachment(s)**

[Presentation - Mid Year Budget Amendment](#)