ITEM 7.B

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ITEM ID: **2026-281-0**

TRANSMITTAL DATE: **July 17, 2026**

MEETING DATE: **July 24, 2026**

TO: **Board of Directors**

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

SUBJECT: **Approval of an Extension of the Continuing Appropriations Resolution for FY27**

Issue

The Authority is required, under the Joint Powers Authority (JPA), to transmit and adopt Metrolink and Arrow operating budgets by June 30, 2026. At its June meeting, the Board approved a three-month continuing appropriations resolution to September 30, 2026, due to delays in budget development. This authorization allows for additional time should the budget require significant modifications due to lack of consensus by member agencies on a draft budget based on current service levels (e.g., new service scenario).

Recommendation

It is recommended that the Board approve a three-month extension of the Continuing Appropriations Resolution for Metrolink and Arrow Operating and Capital Budgets through December 31, 2026.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on Member Agency support while bringing our system into a state of good repair and investing in the development of our employees. Providing current and accurate information based on factual data to our Board enhances their oversight and ability to provide direction.

Background

Preparation of the FY27 Budget began on September 10, 2025. Several substantive changes occurred during the budget development period that have altered the expected timeline for completing the budget.

At the April 24th Board Meeting, staff requested that the requirement under the JPA agreement to transmit a budget to the Member Agencies by May 1st be lifted, and a three-month continuing appropriations resolution be transmitted instead.

At the June 26th Board Meeting, the Board adopted that resolution. Further, the Board was informed that the budget would not be completed until July 18th due to unanticipated delays in Finance's receipt of information needed to complete it.

Discussion

The Member Agency Advisory Committee (MAAC) is scheduled to receive the budget on July 18th and will have two weeks to complete their review in order to stay on schedule for an October 1, 2026 budget effective date. During that time, the CFO will meet with each Member Agency to discuss the budget and answer any questions they may have.

Once accepted by the MAAC on or before July 31st, the budget must be formally transmitted to the Member Agencies, as would typically occur on May 1st. BAFCOM received a FY27 budget development status report at their meeting of July 10. The Budget, Audit, and Finance Committee (BAFCOM) was asked to consider two timelines, one that was accelerated and included two special meetings of the Board of Directors so that an extension of the current continuing appropriation resolution would not be necessary and was the preferred option by the majority of BAFCOM members.

However, this accelerated timeline works only if there is agreement amongst the five member agencies that the single service scenario, commonly referred to as Scenario 4, on which the Operations and Finance teams have solely focused, is acceptable. If not, significantly more time will be necessary to take an "iterative" approach to service cuts to arrive at member agency support amounts acceptable to all five member agencies. That time necessitates the recommended action to extend the current continuing appropriation resolution through December 31, 2026.

A continuing appropriations resolution provides that payments for services performed on behalf of SCRRA shall continue until such time as Metrolink and Arrow Budgets are adopted.

Approval of a three-month extension of the existing continuing appropriations resolution through December 31st will allow the Authority to complete the requisite steps toward budget adoption, with the flexibility to continue operations should a significantly modified budget be required.

The support required from the five Member Agencies under this extension, equal to 2nd quarter of FY26, is as follows:

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LA Metro	OCTA	RCTC	SBCTA	VCTC	Total
$32,817,389.60	$12,039,893.70	$7,522,831.69	$7,684,264.91	$4,111,768.39	$64,176,148.29

ARROW

SBCTA
$4,356,249

The Board approved the transmittal of the request for the continuing appropriation resolution for Metrolink on April 24, and on May 14, 2026, the required support amount under the continuing resolution was forwarded to the Member Agencies.

On May 21, 2026, SBCTA advised SCRRA that it will request that its Board approve a continuing appropriation resolution for Arrow Service in the amount of $4,356,249.00 to allow time to review the Arrow Budget sent to it.

Budget Impact

Approval of this item will provide three months of additional funding for Metrolink and Arrow without an adopted budget. Once the FY27 budgets are adopted, the amounts due from Member Agencies will be reconciled year-to-date and adjusted in their next invoice.

Next Steps

Upon adoption by the Board of Directors, Members will be billed for October in an amount equal to the second quarter of the prior fiscal year.

Prepared by: Tom Schamber, Chief Financial Officer

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

Presentation - Approval of Continuing Resolution Three-Month Extension