



ITEM ID: 2023-334-0

TRANSMITTAL DATE: October 6, 2023

MEETING DATE: October 13, 2023

TO: Audit and Finance Committee

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: Financial Results for the Two Months ended August 31, 2023 - Ridership, 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 of recovery for ridership and revenue. In recognition of the impact of uncertain farebox revenue on Member Support, staff also committed to monthly reporting on Operational Performance. This report covers these two areas.

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 unflinching concern for ridership trends.

Background

Ridership

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 with 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.

Operating Statement

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

Discussion

Revenue

Through August 2023, the Authority's farebox revenue actuals surpassed the revenue as budgeted for FY24. Fiscal year-to-date through August, revenue is budgeted at \$5.4M or 42% recovery, while the actual revenue is \$5.7M, a 43% recovery, exceeding the budget by \$244K.

Ridership

Fiscal year-to-date through August, ridership recovery was forecast at 41% or 825K boardings, while the actual recovery fiscal year-to-date is 45% or 911K boardings, exceeding the forecast by 86K boardings.

Operating Results

The Metrolink Operating Statement for the two months ended August 2023 is based on accruals:

Operating revenue is \$9.4M, over budget by \$897K.

Expenses are \$43.0M, under budget by \$6.6M (based on accruals).

Support required is \$33.6M, under budget by \$7.5M.

Arrow Service

Revenue

Through August 2023, Arrow Service had farebox revenue of \$37K.

Operating Results

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

Expenses are \$2.2M, under budget by \$903K. Support required is under budget by \$941K.

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)

[Attachment A - August Operating Statement - Metrolink](#)

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

[Presentation - August 2023 Financial Results](#)