



**ITEM ID:** 2024-169-0

**TRANSMITTAL DATE:** April 5, 2024

**MEETING DATE:** April 12, 2024

**TO:** Audit and Finance Committee

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

**SUBJECT:** FY24 Financial Results for the Eight Months Ended February 29, 2024 - Ridership, Revenue, and Operating Results

### **Issue**

In response to the changed workplace environment and need for timely review of the Agency's financial position staff has committed to a monthly update of ridership and revenue. In recognition of the impact of changes to farebox revenue on Member Agencies Support, staff also committed to monthly reporting on Operational Performance. This report covers these two 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 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) 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, Staff continued its engagement with Sperry Capital/KPMG to lend assistance and additional expertise to our ridership forecasting. Sperry Capital/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 Member Agency support of \$250.7M.

On September 22, 2023, the SCRRA Board of Directors amended the FY24 Operating Budget to include additional service on the Antelope Valley Line (AVL). The amended FY24 Operating Budget reflects revenue of \$54.0M, expense of \$305.9M, and Member Agency support of \$251.9M.

## **Discussion**

### **Revenue**

Through the eight months ended February 2024, the Authority's farebox revenue actuals were greater than the revenue as budgeted for FY24. Fiscal Year-to-Date through February, farebox revenue is budgeted at \$22.7 or a 45% recovery, while the actual farebox revenue is \$25.0M, a 49% recovery, exceeding the budgeted revenue by \$2.2M. Year-to-Date amounts include the Student Adventure Pass program from inception on October 9, 2023, thru the current reporting period. The total amount of revenue from the Student Adventure Pass program through February 2024 is \$3.7M.

### **Ridership**

Fiscal Year-to-Date through February, ridership recovery was forecast at 44% or 3.5M boardings, while the actual recovery fiscal Year-to-Date is 49% or 3.9M boardings, exceeding the forecast by 0.4M boardings. Total ridership generated by the Student Adventure Pass program through February is 0.4M.

## **Operating Results**

The Metrolink Operating Statement for the eight months ended February 29, 2024, is based on accruals not actuals.

- Operating revenue is \$41.2M, over budget by \$6.0M.

- Expenses are \$184.3M, under budget by \$18.2M (based on Accruals).
- Support required is \$143.0M, under budget by \$24.3M.

We have revised the Operating Statement to display the "special trains" we are running which are not included in the Operating Budget. The information includes both revenue and expense, the net of which indicates the effective change to net support required to cover the effect of the running of these special trains.

#### Outstanding Receivables

As of February 2024, Metrolink had \$18.0M of past due receivables outstanding.

#### Available Cash

In February, cash available is \$74.0M, \$24.0M over the threshold established by the Board.

### **Arrow Service**

#### Revenue

Through the eight months ended February 2024, Arrow Service had farebox revenue of \$154K. Ridership through February 2024 is 72K.

The Student Adventure Pass program contributed \$24K of the Year-to-Date Revenue, and 21K of the Year-to-Date Ridership.

#### Operating Results

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

- Total Operating Revenue is \$161K.
- Expenses are \$8.0M, under budget (Continuing Resolution) by \$3.1M.
- Support required is under budget (Continuing Resolution) by \$3.3M.

Amounts for Arrow Service are compared to the Continuing Resolution adopted by the Board of Directors in lieu of a FY24 Budget. On December 6, 2023, The San Bernardino Transportation Authority (SBCTA) Board approved another Continuing Resolution. This additional resolution will increase funding for Arrow Service to a total of \$15M for FY24.

SBCTA has made the decision that they will have the \$15.0M, approved by their board as the amount available for FY24 expenses for Arrow Service be utilized in lieu of a formal budget. The total amount which SBCTA has approved has been distributed over the various budget categories and over the remainder of the year as indicated by current expense trends. Our comparisons of actuals are made to those approved amounts.

### **Next Steps**

Staff will continue to report ridership, revenue, and financial results monthly.

The FY25 Budget Development is in progress. Meetings to review the Proposed FY25 Budget have been conducted with all Member Agency CFOs. Staff has responded to all questions

from each of the Member Agencies. Answers to each question has been distributed to all Member Agencies.

A request to transmit the FY25 Budget as proposed will be brought to this Committee in April 2024.

Prepared by: Christine J. Wilson, Senior Finance Manager

Approved by: Arnold Hackett, Chief Financial Officer

**Attachment(s)**

[Presentation - February 2024 Financial Results](#)