



ITEM ID: 2024-323-0

TRANSMITTAL DATE: November 1, 2024

MEETING DATE: November 8, 2024

TO: Board of Directors

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: Financial Results for the First Quarter of FY25 - Ridership, Revenue, and Operating Results

Issue

"Metrolink Reinvented" 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 will be providing beginning on October 21, 2024.

This report covers monthly reporting on Ridership, Revenue, and Financial Operating Performance for the first Quarter of FY25.

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 and actual recovery.

Comparisons will also be shown between the Ridership, Revenue and Expenses as adopted in the FY25 Budget and actual performance.

For the 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 first quarter of FY2025 ridership recovery was forecast at a recovery of 58% or 1.8M boardings, while the actual recovery for the first quarter is 60% or 1.8M boardings. Total ridership generated by the Student Adventure Pass program through September was 0.5M.

Revenue

Through the first quarter of FY25, the Authority's farebox revenue actuals were less than the

revenue as budgeted. Farebox revenue is budgeted at \$10.9M or a 56% recovery, while the actual farebox revenue is \$10.1M, a 52% recovery, a budget shortfall of \$0.8M. Amounts include the Student Adventure Pass Pilot program. The total amount of revenue from the Student Adventure Pass Pilot program for the three months ended September is \$1.8M.

Operating Results

The Metrolink Operating Statement for the first quarter of FY25 is based on accruals not actuals.

- Operating Revenue is \$16.4M, below budget by \$0.1M.
- Expenses are \$72.5M, below budget by \$12.6M.
- Support required is \$56.0M, below budget by \$12.5M.

Outstanding Receivables

As of September 2024, Metrolink had \$60.5M of past due receivables outstanding. Staff is currently working with LA Metro to remit \$29.3M of this amount for the Working Capital Fund.

Available Cash

In September 2024, cash available is \$39.3M, which is under the \$50M threshold established by the Board by \$10.7M.

Arrow Service

Ridership

For the first quarter of FY25 ridership was forecasted at 34K boardings, while the actual ridership is 35K boardings. Total ridership generated by the Student Adventure Pass Pilot program though the first quarter was 17K boardings.

Revenue

For the first quarter of FY25, Arrow Service farebox revenue was budgeted at \$48K. Actual farebox revenue was \$92K, above budget by \$45K. This revenue includes \$43K generated by the Student Adventure Pass Pilot program.

Operating Results

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

- Total Operating Revenue is \$156K, above budget by \$106K.
- Expenses are \$3.7M, below budget by \$0.2M.
- Support required is \$3.5M, below budget by \$0.3M.

Student Adventure Pass Program Update

Student Ridership (Non-Student Adventure Pass Pilot) in the period July through September of 2023 totaled 228K.

With the introduction in October 2023 of the Student Adventure Pass Pilot Program ridership swelled to 528K, for the period July through September of 2024.

This represents an increase of 131% systemwide. Although all lines have seen substantial increases, the volume of those increases range from 93% to 289%.

Staff continues working on fare evasion mitigations associated with this program.

Proposed Performance Metrics

In July 2024, the Board requested additional performance metrics for Metrolink Service and comparisons to other Agencies

In response to the request, the attached presentation provides proposed additional annual performance metrics for Metrolink by Line and comparisons to other Agencies.

The proposed metrics are the following:

- Operating Cost per Train Mile
- Farebox Revenue per Train Mile
- Farebox Recovery Ratio
- Ridership Recovery

Both the graphs and charts show data for Metrolink Lines for the years FY17 through FY24 with the system average acting as our Key Performance Indicator (KPI). On the Metrolink Line charts we show a green color on those results that are more favorable than the KPI while the red color on the charts for those that are less favorable to the KPI.

In addition, we are also providing performance metrics comparison to other Agencies utilizing National Transit Database (NTD) submitted by each Agency for the years FY17 through FY22. FY22 is the most recent NTD data available.

The plan is to update this information annually. Also, we will be bringing additional non-financial performance metrics to the Board in the near future.

We would appreciate any feedback on the selection of these metrics.

Next Steps

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

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

Approved by: Arnold Hackett, Chief Financial Officer

Attachment(s)

[Attachment A - September 2024 Operating Statement](#)

[Attachment B - Arrow Operating Statement](#)

[September 2024 Financial Results for Board v3.pptx](#)