



ITEM ID: 2023-357-0

TRANSMITTAL DATE: November 9, 2023

MEETING DATE: November 17, 2023

TO: Board of Directors

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: Financial Results for the First Quarter of FY24 - 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 unflagging 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/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 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 support of \$251.9M.

Discussion

Revenue

Through September 2023, the Authority's farebox revenue actuals were greater than the revenue as budgeted for FY24. Fiscal year-to-date through September, farebox revenue is budgeted at \$8.2M or 42% recovery, while the actual farebox revenue is \$8.7M, a 45% recovery, exceeding the budget by \$0.5M.

Ridership

Fiscal year-to-date through September, ridership recovery was forecast at 41% or 1.2M boardings, while the actual recovery fiscal year-to-date is 46% or 1.4M boardings, exceeding the forecast by 0.2M boardings.

Operating Results

The Metrolink Operating Statement for the three months ended September 2023 is based on accruals:

Operating revenue is \$15.4M, over budget by \$2.6M.
Expenses are \$66.9M, under budget by \$8.8M (based on accruals).
Support required is \$51.5M, under budget by \$11.4M.

Outstanding Receivables

Metrolink has \$26.2M of receivables which were due in July but were outstanding as of September 30. This unpaid amount is due entirely from Member Agencies. Our expenses start at the beginning of the quarter. Fuel costs for example, must be paid weekly.

Arrow Service

Revenue

Through September 2023, Arrow Service had farebox revenue of \$56.5K.
Ridership through September 2023 is 20K.

Operating Results

The Arrow Service Operating Statement through September 2023 is based on accruals.
Total Operating Revenue is \$59K
Expenses are \$3.3M, under budget by \$1.4M.
Support required is under budget by \$1.4M.

Amounts for Arrow service are compared to the Continuing Resolution adopted by the Board of Directors in lieu of a FY24 Budget. The FY24 Budget for Arrow service is anticipated to be adopted by the San Bernardino Transportation Authority on December 6, 2023.

Next Steps

Staff will continue to report monthly on the revenue and ridership recovery and financial operating results.

Prepared by: Christine Wilson, Senior Finance Manager

Approved by: Arnold Hackett, Chief Financial Officer

Attachment(s)

[Presentation - September 2023 Financial Results for Board](#)