



ITEM ID: 2026-241-0

TRANSMITTAL DATE: June 8, 2026

MEETING DATE: June 12, 2026

TO: Budget, Audit, and Finance Committee

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: FY 2026-27 Metrolink Capital Budget - Request to Transmit

Issue

Under the terms of the Joint Exercise of Powers Agreement (JPA), the Authority is required to adopt a budget for the succeeding fiscal year no later than June 30th of each year. At the Board's request at the April 24, 2026 Board meeting, staff bifurcated the Metrolink's Operating and Capital portions of the Proposed FY27 Budget.

A separate request to transmit the Capital Budget was brought to the Board of Directors at its meeting on May 22, where action was deferred, pending sufficient time for the Member Agency Advisory Committee to review and comment on the proposal. The Capital Budget was publicized on May 15, 2026, as part of the May board packet, and the item was discussed at the next scheduled MAAC meeting on June 10th.

This item repeats the request made at the May 22, 2026, Board meeting to officially transmit the FY27 Capital Budget to the Member Agencies for the review and approval of their respective Boards.

Recommendation

It is recommended that the Committee recommend the Board approve transmission of the FY27 Metrolink Capital Budget to Member Agencies for their review and approval.

Strategic Commitment

This report aligns with the Strategic Business Plan commitments of:

- **Safety is Foundational:** We will stay on the leading edge by deploying new technologies and processes to enhance the safety and security of our riders, our fellow employees, and the communities we serve.
- **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.
- **Connecting and Leveraging Partnerships:** We will forge new and enhanced relationships with our public and private partners to integrate and coordinate connecting services, providing residents throughout Southern California with better, seamless, sustainable alternatives to driving.
- **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.
- **Advancing Key Regional Goals:** We will grow the role of regional rail in addressing climate change, air quality, and other pressing issues by advancing toward zero emissions, making rail a compelling alternative to single-occupant automobiles and advancing equity-focused opportunities for all communities throughout Southern California.

Background

On April 24, 2026, the SCRRA Board of Directors authorized the transmittal of a request to the Member Agencies of a three-month continuing appropriations resolution for the Authority's FY27 Operating Budget. At that same meeting, the Board requested bifurcation of the Metrolink's FY27 Capital Budget from the Operating Budget so the Capital Budget could be adopted by June 30th while the Operating budget was under further development.

The Board was presented with a request to transmit the Capital Budget at its May 22, 2026, meeting, but deferred action until the MAAC had sufficient opportunity to review and comment on it.

Discussion

The Capital Budget comprises two elements: State of Good Repair and New Capital.

For State of Good Repair (SGR), the Proposed FY27 Budget was developed based on the Metrolink Rehabilitation Plan (MRP), which was created to fulfill the federal Transit Asset Management (TAM) requirement and identify the Authority's SGR needs. Each project proposed by staff was scored on multiple facets and evaluated by an internal Capital Steering Committee. The Committee selected the most critical, highest-ranked projects subject to any financial constraints communicated by the Member Agencies.

The MRP identifies two critical elements:

- **Backlog:** Total cost of bringing all assets to a state of good repair. The current SGR backlog totals \$934 million.
- **Annual Investment:** Annual capital investment necessary to prevent an increase in the backlog, totaling \$149 million. Annual funding above \$149 million will draw down the backlog, while underfunding will increase the backlog.

Underfunding the SGR Program impacts the Authority's ability to provide reliable service to our customers and increases operational budget expenses.

SGR:

The SGR budget request for FY27 totals \$152.1M, an increase from the FY26 request of \$14.6M or 11%. In Attachment A, each project is summarized by line and by category and shows each Member Agency's financial contribution to the project. Single-page project detail sheets follow the summary table.

New Capital:

The New Capital budget request for FY27 total \$10.9M, a decrease from the FY26 request of \$7.5M or 41%. These projects were identified as necessary for safe and efficient rail operations and business processes. In Attachment B, each project is summarized by line and by category, and shows each Member Agency's financial contribution to the project. Single-page project detail sheets follow the summary table.

Reauthorization of unused capital budget authority from prior years (Carryover) is also included in this budget request. For FY27, the SGR Carryover is \$377.9M as shown in Attachment C. For FY27, the New Capital Carryover is \$52.2M as shown in Attachment D.

Attachment E provides the Capital Program cash flow forecast, which represents the annual amounts we anticipate billing to each Member Agency.

Budget Impact

There is no budget impact created by the transmission of the FY27 Capital Budget.

Next Steps

Upon Board approval of this transmittal, staff will officially provide the proposed FY27 Capital Budget to Member Agencies for consideration and approval by their Boards. Staff will present the final FY27 Capital Budget to the SCRRA Board of Directors for adoption at the July board meeting.

Prepared by: Christine Wilson, Assistant Director, Finance

Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

Attachment A - FY27 Proposed SGR by Member Agency, Line, and Project Detail List

Attachment B - FY27 Proposed New Capital by Member Agency, Line, and Project Detail List

Attachment C - FY27 SGR Carryover Projects

Attachment D - FY27 New Capital Carryover Projects

Attachment E - FY27 Proposed Capital Program Cashflow

Presentation - Proposed FY27 Capital Budget