

Proposed Fiscal Year 2021-22 Southern California Regional Rail Authority Budget

April 28, 2021



METROLINK®

SMARTER. BETTER. ESSENTIAL.

Safety Is Foundational At Metrolink

Safety First

Safety has always been a priority for Metrolink, but in March 2020—in the face of the COVID-19 pandemic—we had to expand what that meant. Riders told us exactly what was important for them to feel safe on board our trains, and we have delivered.

85%

of current riders give our overall cleaning and safety efforts a “excellent” or “good” (on a 5-point scale)



Hospital-grade disinfectants



Antimicrobial air filters in train ventilation system



Clean Care Crew clean interiors throughout the day



Face mask requirements



Hand sanitizing stations on each rail car

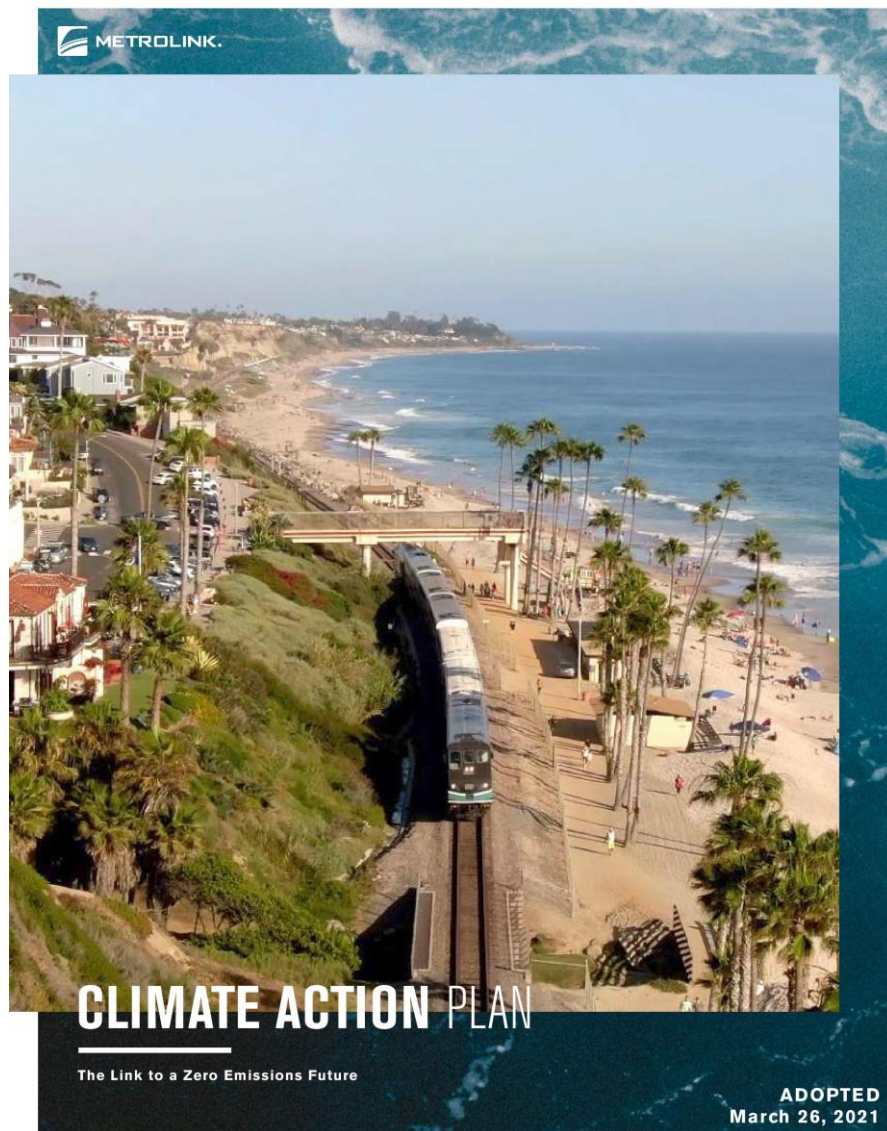


Physical distancing reminders



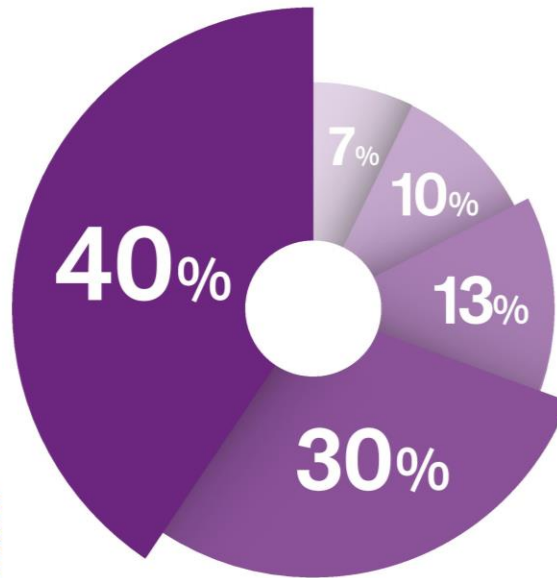
Contactless payment

Sustainability - Climate Action Plan



Metrolink Riders

Current Riders



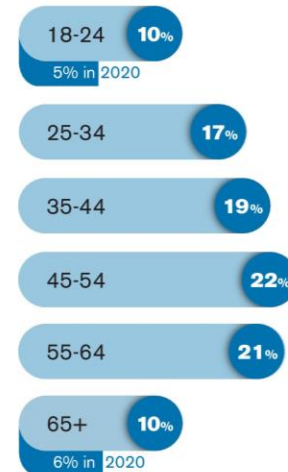
Hispanic/Latinx ridership is up from 30% in 2018 and 31% in April 2020

Who is Riding

Our Ridership is changing. Since April 2020, we have continued to serve the most essential among us.

This unshakeable core of riders knows they can depend on us to be there, so they can get where they need to be.

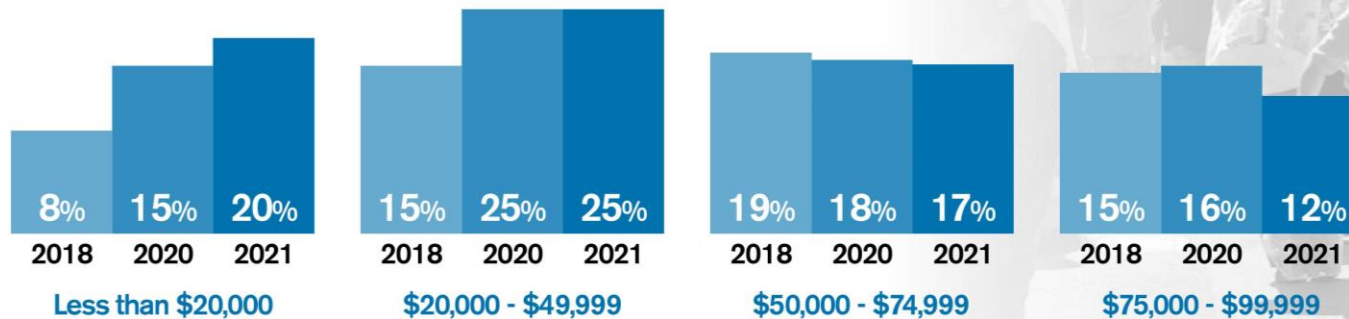
Ages



Metrolink Riders

**As riders' needs have changed,
we continue to listen and adapt.**

Over the past year, we introduced flexible ticketing options like the **5-Day Flex Pass** and **Kids Ride Free** programs to address the range of incomes and needs of so many of our riders.



Household Incomes

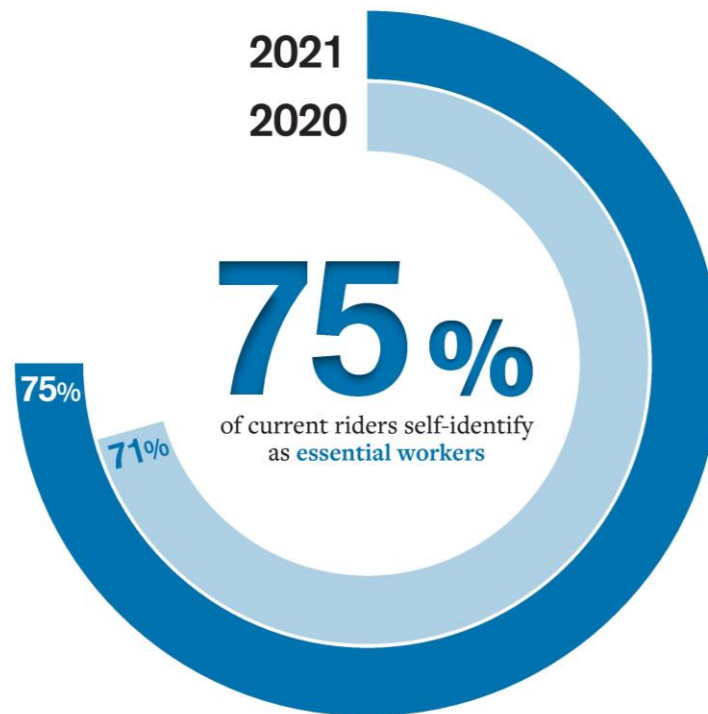
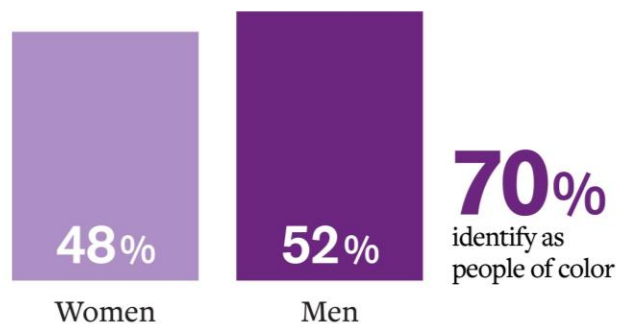
45%
of current riders
report household
incomes below \$50,000,
as compared to just 23%
in 2018

Metrolink – An Essential Service

An **Essential** Service

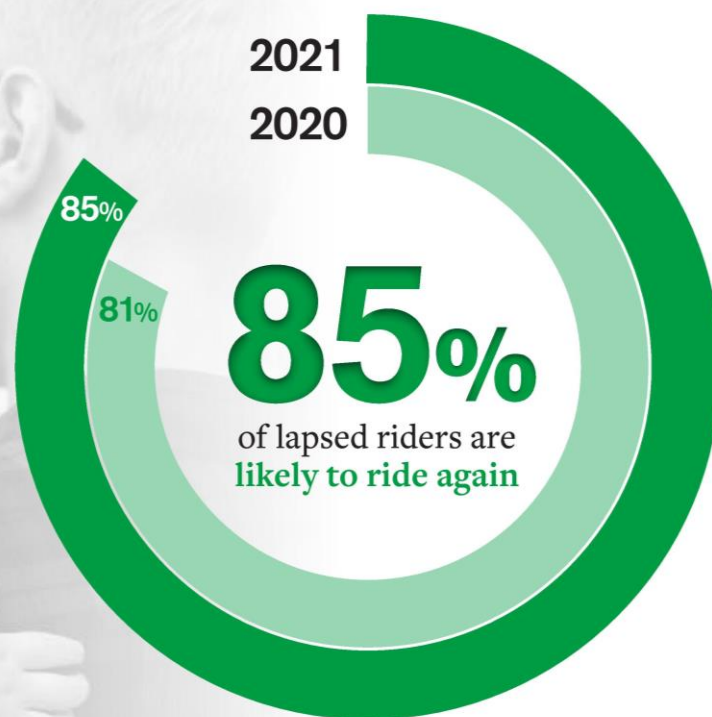
Metrolink is an essential part of the mobility of Southern California.

While many have decreased their ridership due to the pandemic, essential workers relied on us to get them where they were needed most.



Ready To Welcome Back Riders

An **Optimistic** Outlook



MetroLink has never stopped connecting Southern California to a brighter future.

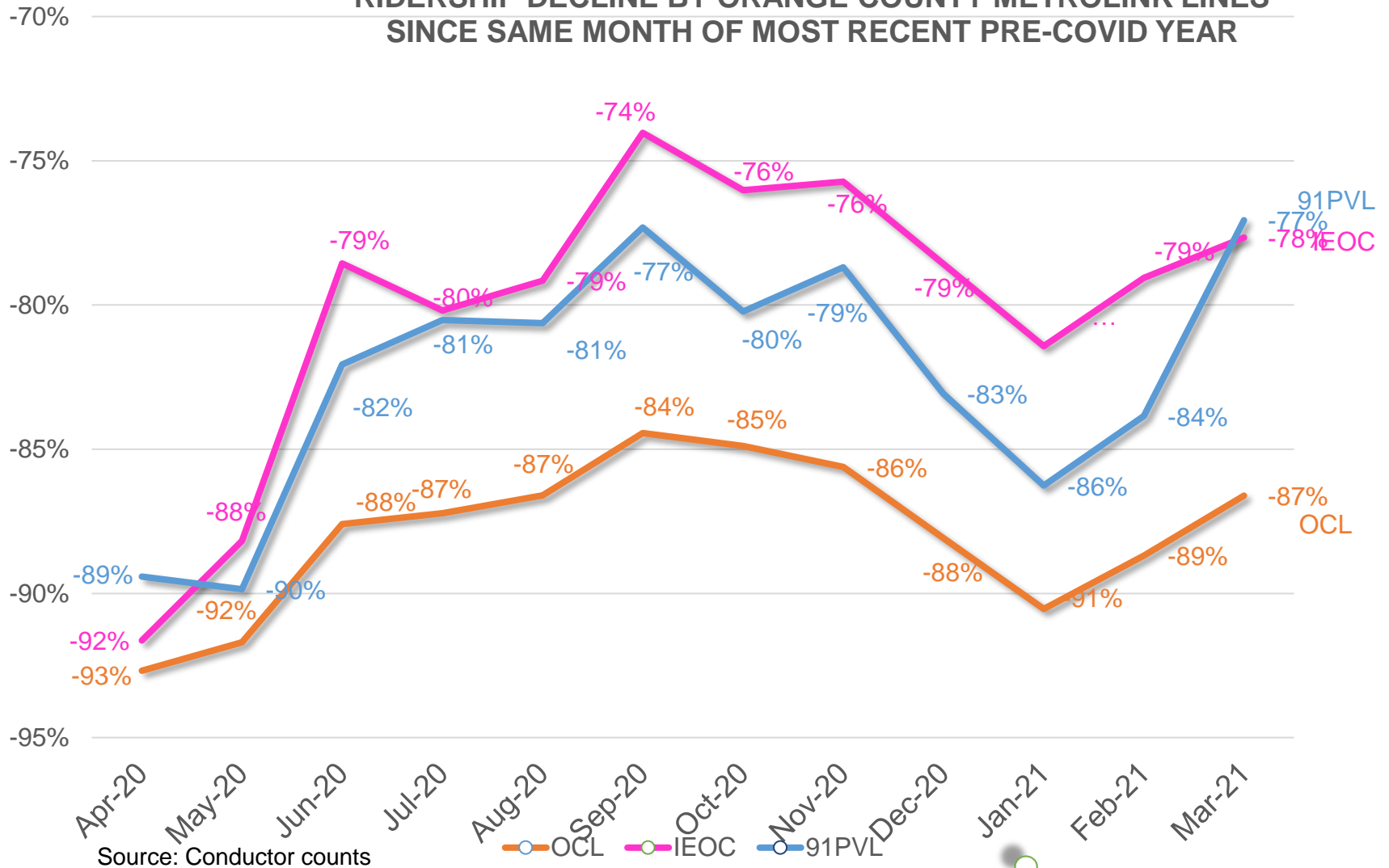
Since the beginning of the pandemic our riders' outlook has remained positive, and our most recent poll shows **even more** riders plan to return. And we'll be ready for you.

In addition to making our trains cleaner and safer than ever, we honored our commitment to the environment, introducing 39 new Tier Four locomotives to our fleet, and implemented our first ever climate action plan to guide us to a zero emissions future.

We can't wait to see you on the train.

Metrolink Ridership

RIDERSHIP DECLINE BY ORANGE COUNTY METROLINK LINES
SINCE SAME MONTH OF MOST RECENT PRE-COVID YEAR



Ridership Recovery Forecast Scenarios

Planning Scenarios:

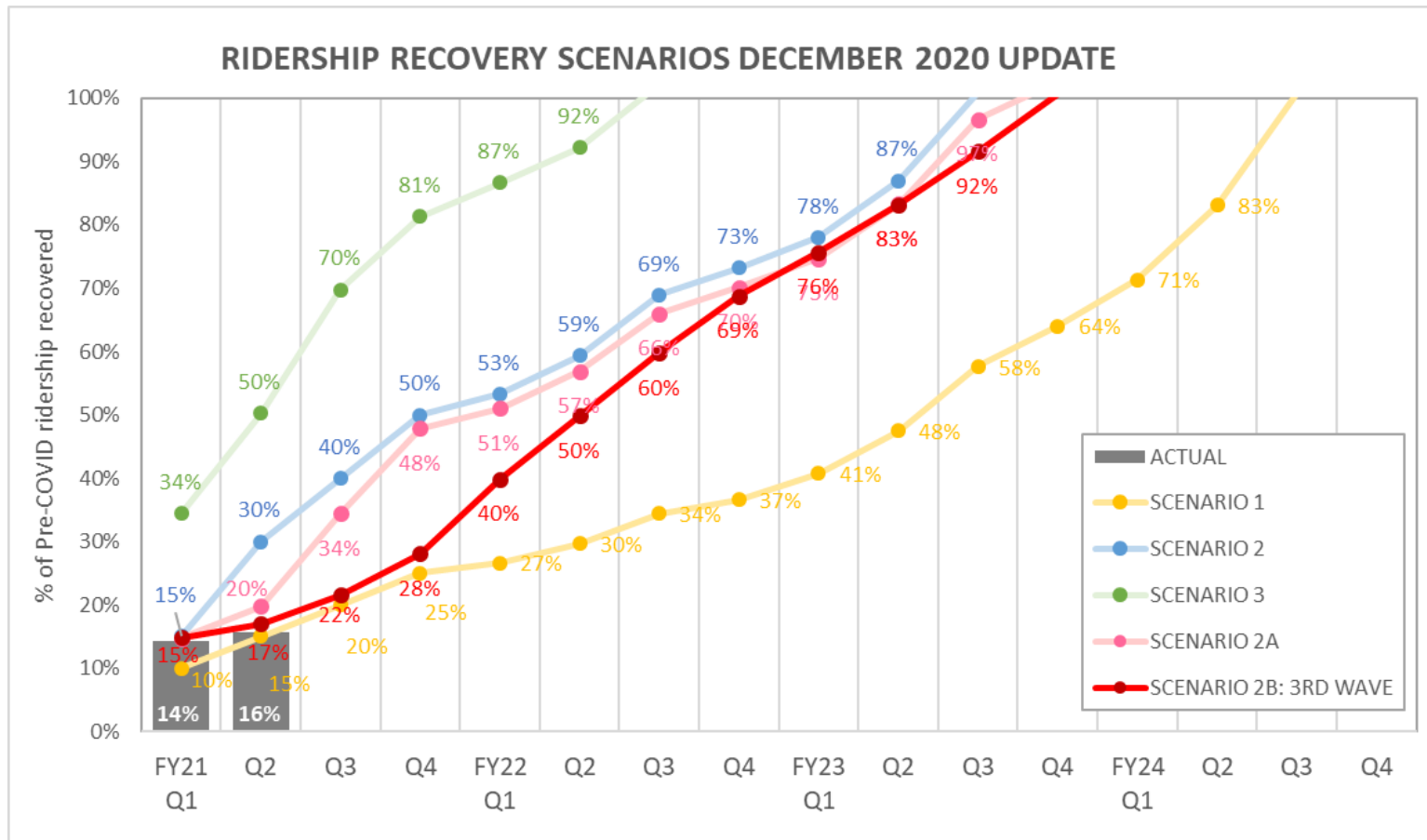
1 - Muted Recovery (Worst Case): Major economic downturn. Ridership recovery prolonged until Fiscal Year (FY) 2024 Quarter 3

2 - Recession (Medium Case): Medical crisis triggers recession. Ridership recovery by FY23 Quarter 3

2A - Surge (Adjusted Medium Case): Surge in infections delays ridership recovery to FY23 Quarter 4.

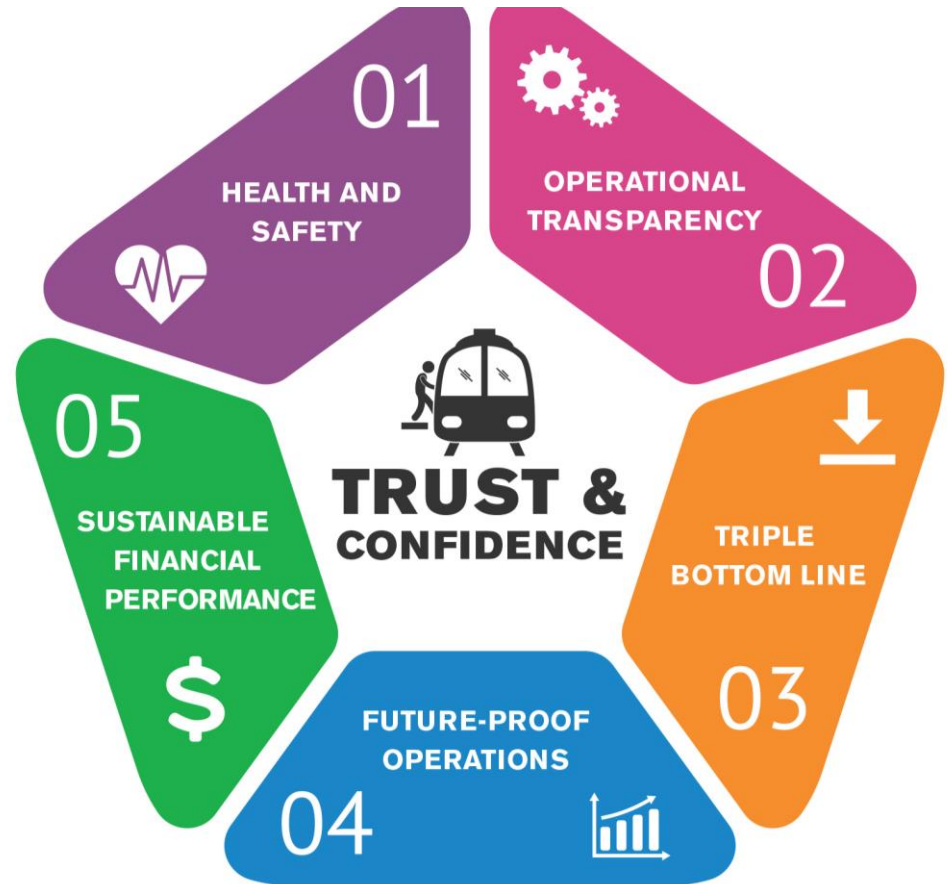
2B – 3rd Wave (Adjusted Medium 2A Case): Surge in infections delays ridership recovery to FY23 Quarter 4.

3 - No Recession (Best Case): Ridership recovery by FY22 Quarter 3



Budget Goals

- Focus on the five point Board approved Recovery Plan Framework to restore service and improve operations
- Manage Member Agency subsidy through cost containment





Proposed FY22 Operating Budget



FY22 Operating Budget Assumptions

➤ **Economic**

- The UCLA Anderson Forecast in December assumes "that a large number of people will have received one of the vaccines by summer, ushering in the beginning of a return to normalcy." California joblessness will drop from 8.9% in the last quarter of 2020 to 6.9% in 2021, 5.2% in 2022 and 4.4% in 2023, according to the forecast.

➤ **Service**

- Maintain 30% Service Reduction – any change based on ridership recovery

➤ **Revenue**

- Ridership Recovery Forecast Scenario 2B

➤ **Expense**

- 3% Merit Pool for FY22
- No COLA for FY22
- Contractor Increases Only as Mandated by Agreements
- 1 New FTE headcount (Manager II - Cybersecurity)

➤ **Funding**

- Continued Dependency on use of COVID-19 Relief Funds

➤ **Reporting**

- Monthly
- Formal Mid-Year Budget review

➤ **Arrow Service**

- Will be presented as part of the Mid-Year Budget Adjustment

Proposed FY22 Operating Budget – Summary of Subsidy **by Member Agency**

(000's)	METRO	OCTA	RCTC	SBCTA	VCTC	TOTAL
Total Operating Revenue - FY22	29,220	15,604	5,045	7,253	2,238	\$ 59,359
Total Expense FY22	127,593	54,757	26,519	29,770	14,394	\$ 253,034
Loss - Subsidy - FY22	(98,379)	(39,153)	(21,475)	(22,518)	(12,150)	(193,674)
Total Operating Revenue - FY21	22,185	10,861	3,453	5,205	1,797	\$ 43,500
Total Expense FY21	132,107	56,793	27,233	30,272	14,102	\$ 260,508
Loss - Subsidy - FY21	(109,922)	(45,933)	(23,780)	(25,067)	(12,305)	(217,008)
<i>These contributions reflect- calculated loss- not fixed Subsidy used in FY21</i>						
Year over Year Variance						
Operating Revenue	7,035 31.7%	4,744 43.7%	1,591 46.1%	2,047 39.3%	441 24.6%	15,859 36.5%
Expense	(4,514) -3.4%	(2,037) -3.6%	(714) -2.6%	(502) -1.7%	292 2.1%	(7,474) -2.9%
Loss - Subsidy	(11,543) -10.5%	(6,780) -14.8%	(2,305) -9.7%	(2,549) -10.2%	(155) -1.3%	(23,333) -10.8%

Arrow Service in separate budget

FY22 Subsidy and COVID Relief Funds

	METRO	OCTA	RCTC	SBCTA	VCTC	TOTAL
Loss - Subsidy - FY22	\$ (98,379,438)	\$(39,152,549)	\$(21,474,584)	\$(22,517,758)	\$(12,150,085)	\$(193,674,413)
COVID Relief Funds Allocated	\$ 56,510,776	\$ 64,633,169	\$ 33,618,973	\$ 40,246,215	\$ 32,053,845	\$ 227,062,978
Estimated COVID Relief Funds Available	\$ 16,902,666	\$ 44,565,465	\$ 10,044,652	\$ 30,294,721	\$ 29,266,144	\$ 131,073,648
COVID Relief = CARES						

Metro – Los Angeles County Metropolitan Transportation Authority

RCTC – Riverside County Transportation Commission

SBCTA – San Bernardino Transportation Authority

VCTC – Ventura County Transportation Commission

Restoration of Service

Guiding Principle: Train Load Factor

- Continuous Monitoring of Daily Train Load Factor & Stay-at-Home Orders
- Internal Team Meets Bi-Weekly to Review Load Factors (Ad-Hoc Meetings will be convened if large spikes in ridership occur.)
- A Continuous Load Factor **Greater Than 25%-30% Over a 2-Day Period** May Trigger Restoration of Service to that Corresponding Train
 - Team Reviews Schedule of Operation, Equipment Cycles, & Restoration of Crew Base
 - Short-Term: Review if Alternating Equipment can be provided In-Lieu of Adding Full Train Set (i.e. Add One Car to a 5-Car Train)
 - Long-Term: Trains to be Added in Pairs to Protect Equipment/Crew Rotations of Current Schedule, if needed
- Any financial impacts to restoration of service will be addressed during the Mid-Year Budget Review.



Proposed FY22 Capital Budget



FY22 Capital Program

- **Proposed FY21 Budget: \$99.0M**
 - Rehabilitation = 90.433M
 - New Capital = \$8.600M

- **Current Backlog estimated at \$500M**

Proposed Capital Program Requests

Cash Flow - Rehabilitation

Cash Basis							
	METRO	OCTA	RCTC	SBCTA	VCTC	OTHER	TOTAL
FY22 Rehabilitation	\$33.1M	\$15.0M	\$4.2M	\$7.3M	\$4.7M	\$26.1M	\$90.4M
			CASH OUTLAY				
2021-22	\$1.7M	\$0.8M	\$0.2M	\$0.4M	\$0.2M	\$1.3M	\$4.5M
2022-23	\$11.6M	\$5.3M	\$1.5M	\$2.5M	\$1.6M	\$9.1M	\$31.7M
2023-24	\$9.9M	\$4.5M	\$1.3M	\$2.2M	\$1.4M	\$7.8M	\$27.1M
2024-25	\$9.9M	\$4.5M	\$1.3M	\$2.2M	\$1.4M	\$7.8M	\$27.1M
Totals	\$33.1M	\$15.0M	\$4.2M	\$7.3M	\$4.7M	\$26.1M	\$90.4M

Preliminary Capital Program Requests

Cash Flow – New Capital

Cash Basis							
	METRO	OCTA	RCTC	SBCTA	VCTC	OTHER	TOTAL
FY22 New Capital	\$0.3M	\$0.1M	\$0.1M	\$0.1M	\$0.0M	\$8.0M	\$8.6M
			CASH OUTLAY				
2021-22	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.4M	\$0.4M
2022-23	\$0.1M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$2.8M	\$3.0M
2023-24	\$0.1M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$2.4M	\$2.6M
2024-25	\$0.1M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$2.4M	\$2.6M
Totals	\$0.3M	\$0.1M	\$0.1M	\$0.1M	\$0.0M	\$8.0M	\$8.6M

FY22 Operating & Capital Proposed Subsidy by **Member Agency**

	Metro	OCTA	RCTC	SBCTA	VCTC	Other	Total
(000s)							
FY22 Proposed Budget Requested Member Agency Subsidy	\$ 98,379	\$39,153	\$21,475	\$22,518	\$ 12,150	-	\$ 193,674
FY22 Capital Program Funding Required	\$ 33,350	\$15,167	\$ 4,293	\$ 7,366	\$ 4,755	\$ 34,103	\$ 99,033
Total FY22 Request *	\$ 131,729	\$54,319	\$25,768	\$29,884	\$ 16,905	\$ 34,103	\$ 292,707