



METROLINK

Proposed FY26 Budget Review for OCTA Finance and Administration Committee

April 23, 2025

Agenda

- Budget Challenges
- FY26 Budget Assumptions
- Proposed FY26 Operating Budget
- Proposed FY26 Capital Program Budget
- FY26 Budget Summary

Our Operating Budget Challenges

- Ridership and Revenue are growing slowly but continues to lag pre-pandemic numbers.
- Operating expenses increasing Year-over-Year
 - ~**60%** of the FY26 Operational costs are fixed.
- Member Agencies are projected to provide **78%** of the FY26 funding for operating expenses. A slight reduction of 2% versus FY25.
- Financial challenges continue to place a burden on Member Agencies.

Proposed FY26 Operating Budget Assumptions

Service Level:

- Optimized Service Schedule

Revenue:

- Revenue / Ridership based on Updated Sperry Capital / KPMG Forecast
- No Fare Increases
- New Fare Promotions
- Student/Youth Discount 50% (No Student Ride Free Program)
- Fare Restructure Impacts

Expenses:

- Contractor Increases only as Mandated by Agreements
- 4 FTE Headcount (2 CFR 245 & 246 + 1 Legal + Outside 20' Coordinator for LA Metro)
- 3.0% Merit Pool & 3.0% COLA
- New Regulation Support – CFR 245 & 246
- 2028 Olympics Readiness
- No Special Trains (i.e. Angels Train, New Years Train, etc.)

Note: Arrow Service is a Separate Budget

Operating Budget

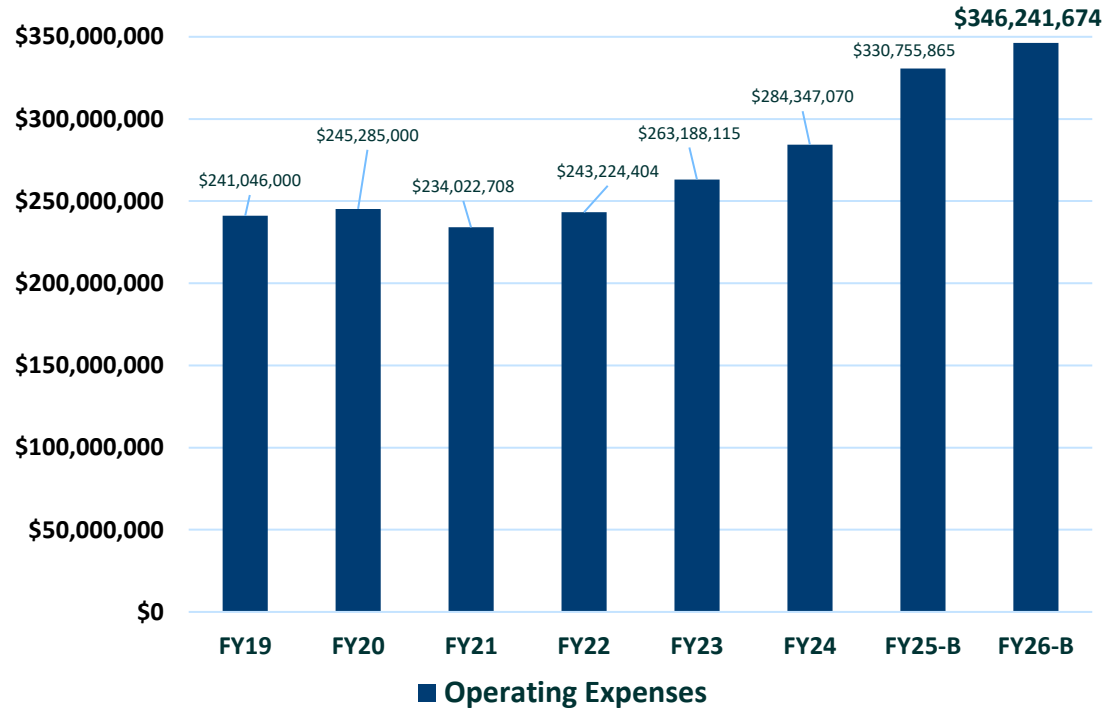


Proposed FY26 Operating Budget Summary

- Operating Revenue - **\$76.9M**
 - Increase from FY25 of **\$8.9M** or **13.1%**
- Total Expenses - **\$346.2M**
 - Increase from FY25 of **\$15.5M** or **4.7%**
- Member Agency Support - **\$269.3M**
 - Increase from FY25 of **\$6.6M** or **2.5%**

Operating Expenses FY19 – FY26

Operating Expenses FY19 – FY26

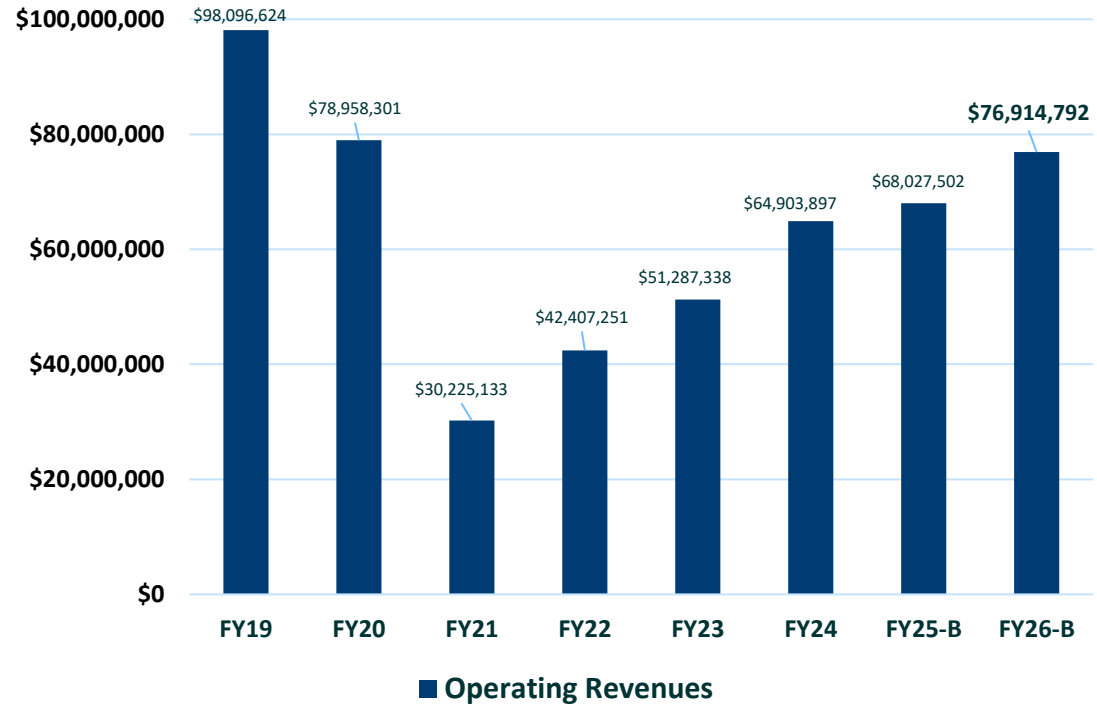


Notes:

- FY19, FY20, FY21, FY22, FY23, & FY24 Actuals
- FY25 & FY26 Budgets not Actuals

Operating Revenues FY19 – FY26

Operating Revenues FY19 – FY26

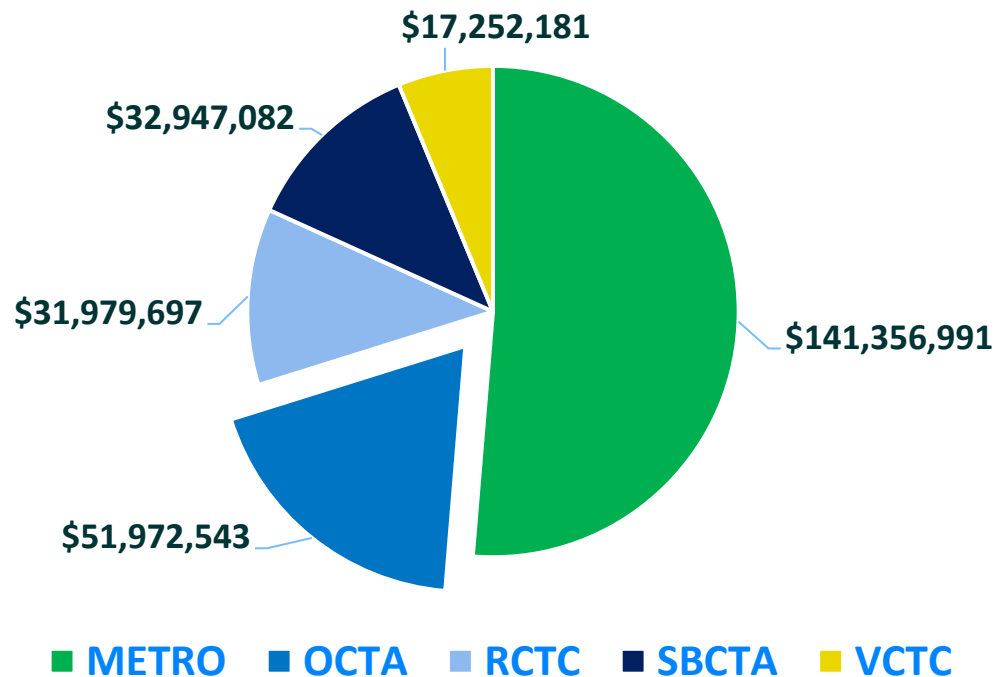


Note:

- FY19, FY20, FY21, FY22, FY23, & FY24 Actuals
- FY25 & FY26 Budgets not Actuals (does include Student Adventure Pass)

Proposed FY26 Operating Support Required by Member Agency

Operating Support Required (\$275.5M)



Notes:

Includes LA Metro Outside 20', SBCTA SB Sheriffs, 2028 Olympics Readiness, and New Regulation – CFR 245 & 246

Operating
Support
Required from
Member
Agencies

FY26 Operating Budget Summary – Major Expense Drivers

(\$000s)	FY25 Adopted Budget	FY26 Proposed Budget	Variance FY26 Proposed vs FY25 Adopted	
			\$ Variance	% Variance
<u>Operations & Services</u>				
Train Operators	47,776	54,293	6,517	13.64%
Materials	12,350	15,160	2,810	22.75%
Operating Facilities Maintenance	2,486	5,150	2,664	107.16%
Security - LA Sheriffs	12,785	13,785	1,000	7.82%
Security - SB Sheriffs	-	3,290	3,290	n/a
TVM Maintenance/Revenue Collection	4,929	6,035	1,107	22.45%
Marketing	3,003	3,651	648	21.57%
Station Maintenance	6,266	6,980	714	11.40%
Special Trains	500	-	(500)	-100.00%
<u>Maintenance-of-Way</u>				
MoW - Line Segments	44,890	52,672	7,782	17.34%
<u>Administration & Services</u>				
Ops Salaries & Benefits	17,764	19,553	1,789	10.07%
Indirect Administrative Expenses	24,283	26,741	2,459	10.13%
Mobilization	10,338	-	(10,338)	-100.00%
Student Adventure Pass	3,211	-	(3,211)	-100.00%
2028 Olympics Readiness	-	1,100	1,100	n/a
CFR 245-246	-	500	500	n/a
Outside 20'	1,300	2,891	1,591	122.42%

FY26 Capital Program Budget

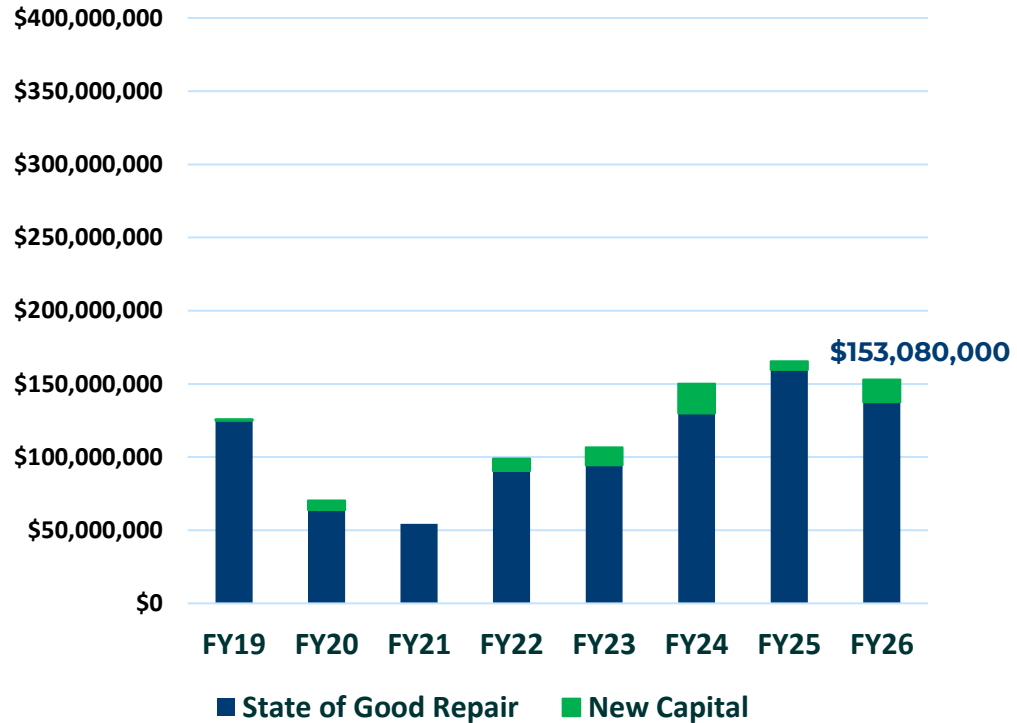


Proposed FY26 Capital Program Overview

- State of Good Repair - **\$137.5M**
 - Decrease from FY25 of **(\$22.1M)** or **-13.9%**
- New Capital - **\$15.6M**
 - Increase from FY25 of **\$9.7M** or **164.4%**

Proposed FY26 Capital Program FY19 – FY26

State of Good Repair & New Capital

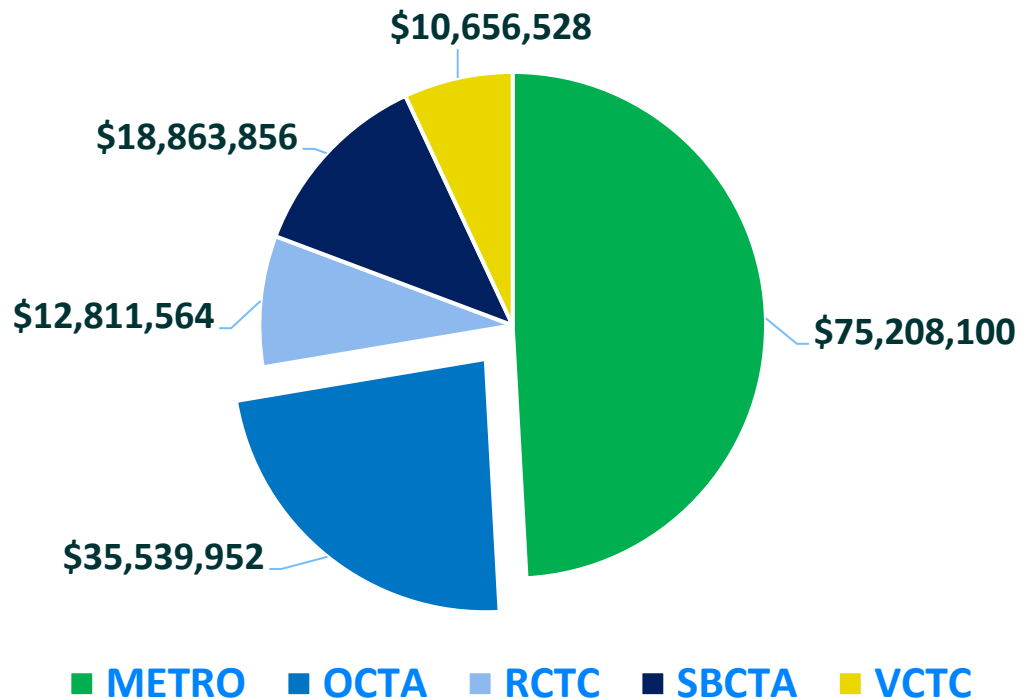


Note:

- FY23 data does not include New Capital Tier 4 Locomotive Purchase

Proposed FY26 Capital Program Support Required By Member Agency

Capital Support Required (\$153.1M)



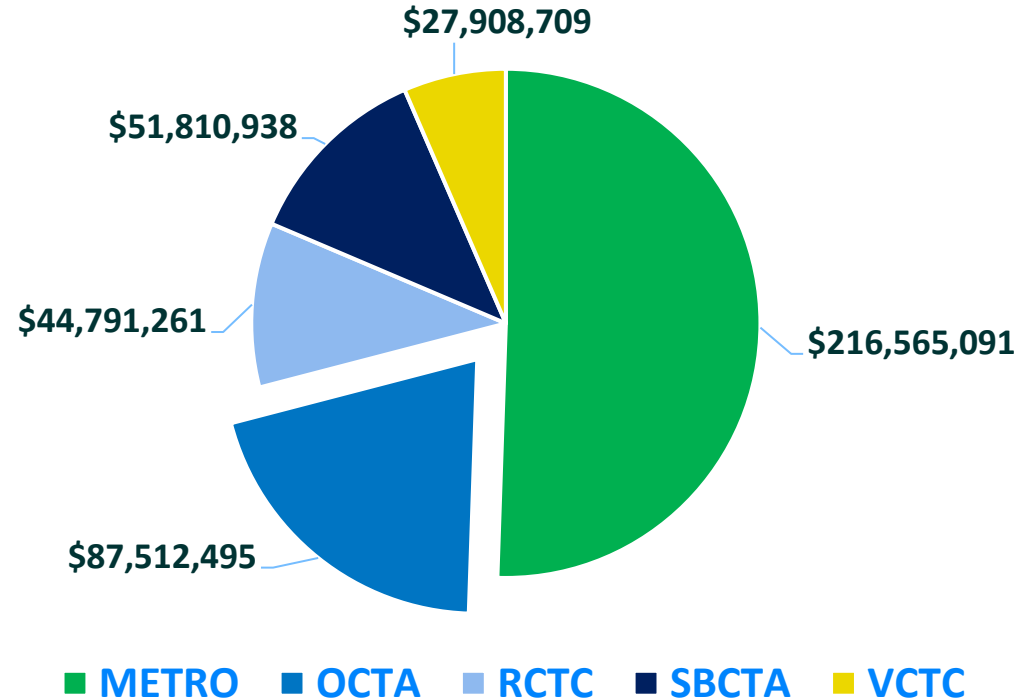
FY26 Capital
Program
By Member Agency
- *SGR*
- *New Capital*

FY26 Operating & Capital Budget



Proposed FY26 Operating and Capital Budgets Support Required by Member Agency

Total Support Required (\$428.6M)



Notes:

Includes LA Metro Outside 20', SBCTA SB Sheriffs, 2028 Olympics Readiness, and New Regulation – CFR 245 & 246

Proposed FY26 Operating and Capital Budgets

Summary of Support Required by Member Agency

FY26 Operating and Capital Budgets Summary of Support Required by Member Agencies

	FY26 Proposed Budget					
	METRO	OCTA	RCTC	SBCTA	VCTC	TOTAL
Total Operating Support	141,356,991	51,972,543	31,979,697	32,947,082	17,252,181	275,508,494
Total Capital Support	75,208,100	35,539,952	12,811,564	18,863,856	10,656,528	153,080,000
Total	216,565,091	87,512,495	44,791,261	51,810,938	27,908,709	428,588,494

	FY25 Adopted Budget					
	METRO	OCTA	RCTC	SBCTA	VCTC	TOTAL
Total Operating Support	137,759,830	50,331,477	30,289,196	29,569,677	16,078,182	264,028,362
Total Capital Support	70,373,350	39,103,480	21,381,360	22,707,840	11,973,720	165,539,750
Total	208,133,180	89,434,957	51,670,556	52,277,517	28,051,902	429,568,112

	Year-Over-Year Variance					
	METRO	OCTA	RCTC	SBCTA	VCTC	TOTAL
Total Support	8,431,911	(1,922,462)	(6,879,295)	(466,579)	(143,193)	(979,618)
<i>% variance</i>	4.1%	-2.1%	-13.3%	-0.9%	-0.5%	-0.2%

FY26 Budget Summary

- Our Member Agency CEOs encouraged us to partner with consultants to review our service and equipment usage. The results of the partnership is the Optimized Service Schedule.
- We are focused on growing ridership & revenue through reimagining Metrolink.
- Our consultants advise that we will need two years to see results of the Optimized Service Schedule.
- This Budget is joint work with our Member Agencies.
- Our 4-Year forecasts adhere to the sustainability principals discussed in the Member Agency CFO & CEO meetings of remaining within an Member Agency support year-over-year growth increase of not more than 5%.

A Year of Big Things



Implemented largest schedule change in Metrolink history



32 More Trains & 200+ Connections

Awarded most significant contract for Operations & Maintenance



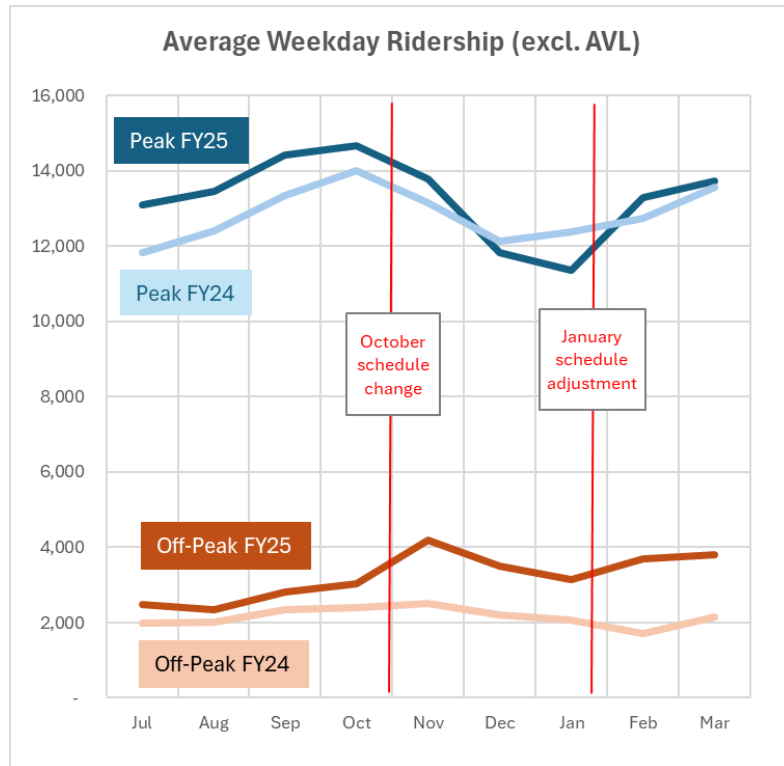
Alstom Team Training for Transition

First in the country to implement WCNSS Wireless Crossings



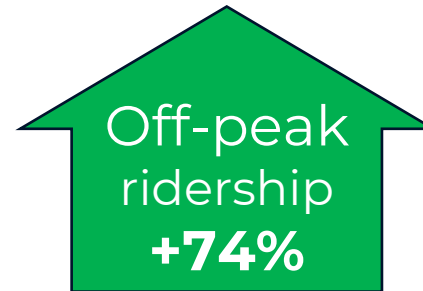
Del Obispo First of 52 Smart Crossings

Peak/Off-Peak Ridership Analysis



Since the October schedule change

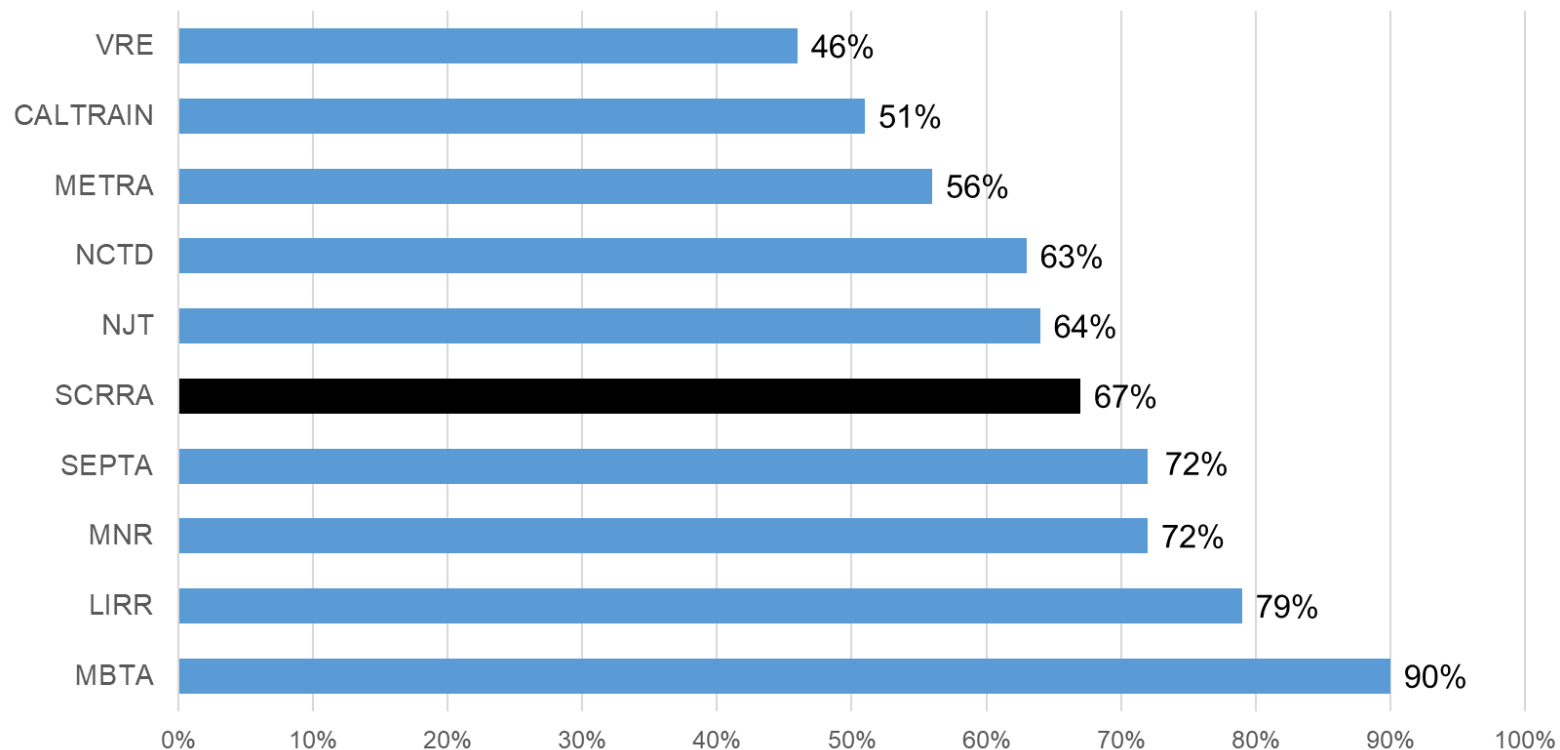
- Off-peak ridership up 74% year-over-year
- Peak ridership: no change year-over-year



Peak-ridership

Unchanged
from a year ago.

RECOVERY OF PRE-COVID RIDERSHIP BY COMMUTER RAIL PEERS, FEB 2025



Source: National Transit Database and agency reports.
FY19 is base for pre-pandemic ridership comparison.



Thank you! Questions?