



# Metrolink FY 25 Annual Work Program

Finance, Budget and Audit Committee

June 20, 2024



**Metro**

# Recommendations

- A. APPROVE \$206,833,180 as Metro's contribution to Metrolink for FY 25 Metrolink Operations, Rehabilitation and Capital budget;
- B. APPROVE increasing Metrolink funding to \$2,920,232 for Outside 20' Maintenance of Metro Owned Right of Way beginning FY 2024-25 along with transferring management of program to Countywide Planning and Development;
- C. APPROVE \$500,000 in additional funding for the San Bernardino Line 25% Fare Reduction Program and extending program date to June 30, 2025;
- D. EXTEND lapsing dates for four MOUs with Metrolink;
- E. APPROVE FY25 Transfers to Other Operators \$1.10 reimbursement rate;
- F. AMEND the FY25 budget to include \$29,290,000 for the Metrolink Working Capital Fund which was previously programmed and approved in Board Item 2023-2016 (June 14, 2023);
- G. AUTHORIZE the CEO to negotiate and execute all necessary agreements.



# Recommendation A: Metrolink Operations, Rehabilitation and Capital Funding for FY 25

- Metro subsidy for Metrolink Operations is increasing 7.5%.
  - The increase is due to additional train and engine crews for service expansion, fuel costs, annual fixed operating contract escalators of 3% to 5%, system security, station maintenance, and one-time start-up costs for a new train and engine crew contract.
  - Metro has concerns that Metrolink's costs have increased by \$91M in the last five years compared to pre-COVID costs with member agencies now shouldering 80% of the operating costs compared to only 49% pre-COVID. This level of cost increases is not sustainable.
- Metro subsidy for Metrolink Rehabilitation and Capital projects is 42% of the FY 24-2025 budget request.
  - Metro's share for 35 Rehabilitation projects is \$67,558,975.
  - Metro's share for 6 Capital projects is \$2,814,375.

# Recommendation B: Right of Way (ROW) Maintenance Funding

- Metrolink maintains Metro-owned ROW within 20 feet of the center of track with funding Metro provides as part of the annual budget process.
- Metro provides additional funding to Metrolink separate from the annual budget to maintain Metro-owned ROW beyond 20 feet from the center of track.
- Metro's current budget for Metrolink to perform the outside 20' services is \$1,195,916. Metrolink has requested an FY 2024-25 increase of \$1,724,316 for a total of \$2,920,232.
- Services for both efforts include trash removal, graffiti abatement, fence repair, homeless encampment removal, tree trimming, and weed abatement.
- Metro assessed bringing this function in house, however, retaining Metrolink to maintain our ROW is the most efficient and cost-effective option.

# Recommendation C: Extend San Bernardino Line 25% Fare Reduction Program

- In April 2018 and May 2019 Metro's Board approved \$4,190,969 to fund the San Bernardino Line (SBL) 25% Fare Reduction program for fiscal years 2018-19 through 2022-23.
- The SBL 25% Fare Reduction program has become part of Metrolink's permanent fare structure.
- Metrolink was required to conduct a ridership and revenue analysis in FY22 which was not completed.
- Although the 25% Fare Reduction program expired June 30, 2023, Metro is being invoiced for costs incurred since June 2023. Sufficient funds remain on the project to cover costs through FY24.
- Staff is requesting up to \$500,000 to extend the SBL 25% Fare Reduction program through FY25 and to allow Metrolink time to complete the analysis.

# Recommendations D, E, F and G

- RECOMMENDATION D is requesting an extension for one SGR MOU and three capital project MOUs that lapse in FY 2024.
- RECOMMENDATION E is requesting approval for the FY25 Transfers to Other Operators reimbursement rate to Metro.
- RECOMMENDATION F - Metrolink asked the member agencies for a \$50,000,000 Working Capital Long-Term Loan which will be used to provide Metrolink sufficient funding to advance and award capital projects as well as avoid cash flow issues. The Board approved programming this in June 2023 and Recommendation F is requesting amendment of the FY25 budget to include \$29,290,000 for Metro's share.
- RECOMMENDATION G is requesting approval for the CEO to negotiate and execute all necessary agreements with Metrolink.

