




March 17, 2025

To: Members of the Board of Directors

From: Jason Jewell, Managing Director 

Subject: Fiscal Year 2024-25 Second Quarter Budget Status Report

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's Fiscal Year 2024-25 budget was approved by the Board of Directors on March 18, 2024. The California State Transportation Agency approved the Fiscal Year 2024-25 budget and funding on September 26, 2024. This report summarizes financial activities and performance through the Second quarter of Fiscal Year 2024-25, covering the months of July 2024 through December 2024.

Recommendation

Receive and file as an information item.

Background

On March 18, 2024, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) Board of Directors (Board) approved the LOSSAN Agency Annual Business Plan for Fiscal Year (FY) 2024-25 and FY 2025-26 (Business Plan), as well as the FY 2024-25 budget. Included in both the adopted budget and the Business Plan is funding for FY 2024-25 administrative and marketing services, in the amount of \$9,370,100 and \$53,317,160, for net train operations (including \$57,000 for the continuation of the transit transfer program), \$500,000 for minor capital projects, and \$74,995,000 for grant programs bringing the total adopted budget to \$138,182,260.

Discussion

The quarterly budget status report provides an overview of all financial activity, including a comparison of budget to actuals, and explanations for variances throughout the report period. While the details can be found in Attachment A, a summary is below.

Revenues

As shown in Table 1, budgeted revenues through the second quarter of FY 2024-25 totaled \$40,406,320, while actual revenues totaled \$50,030,501. This results in year-to-date (YTD) revenues overrunning the budget by \$9,624,180.

The variance in our quarterly budget is primarily due to fluctuations in Other State Funding, which includes all capital project funds. While total grant revenue is \$1.1 million below budget due to project delays and the timing of reimbursements from Caltrans for on-time performance invoices, this shortfall is offset by the receipt of three quarterly SRA deposits totaling \$9.6 million. The timing of these deposits is unpredictable, as the State does not provide advance notice. Additionally, State Operating Funding is \$7.7 million above budget due to the early receipt of the January and February 2025 advance payments.

TABLE 1: REVENUES	FY 2024-25	FY 2024-25	\$ Variance
	Working Budget	Actuals	
	Year-To-Date	Year-To-Date	Year-To-Date
State Administrative Funding	\$ 3,685,050	\$ 6,654,477	\$ 2,969,427
State Marketing Funding	\$ 2,000,000	\$ 1,500,000	\$ (500,000)
State Operating Funding	\$ 23,421,270	\$ 31,141,069	\$ 7,719,799
Other State Funding	\$ 11,050,000	\$ 9,929,860	\$ (1,120,140)
State Capital Funding	\$ 250,000	\$ -	\$ (250,000)
Interest Revenue	\$ -	\$ 793,095	\$ 793,095
Other Revenue	\$ -	\$ 12,000	\$ 12,000
Total Revenues	\$ 40,406,320	\$ 50,030,501	\$ 9,624,180

The budget versus actual variances is further detailed in Attachment A.

Expenses

As shown in Table 2, budgeted expenses through the second quarter of FY 2024-25 totaled \$52,678,330, whereas actual expenses totaled \$13,024,407, resulting in year-to-date expenses underrunning the budget by \$39,653,924.

TABLE 2: EXPENSES	FY 2024-25	FY 2024-25	\$ Variance
	Working Budget	Actuals	
Administrative Budget Line Items	Year-To-Date	Year-To-Date	Year-To-Date
Administration - Staffing	\$ -	\$ -	\$ -
Legal Services	\$ 37,500	\$ 15,835	\$ 21,665
Travel	\$ 24,100	\$ 22,921	\$ 1,179
Marketing	\$ 1,022,300	\$ 577,644	\$ 444,656
Insurance	\$ 1,000	\$ 1,000	\$ -
Contracted services	\$ 508,600	\$ 6,595	\$ 502,005
Dues & Memberships	\$ -	\$ 3,519	\$ (3,519)
Other Business Expenses	\$ 1,250	\$ 17,398	\$ (16,148)
Total Administrative Services	\$ 1,594,750	\$ 644,912	\$ 949,838
Operating/Capital Budget Line Items			
Net Train Operating Expenses	\$ 26,630,080	\$ 10,236,162	\$ 16,393,918
Transit Transfer Program	\$ 28,500	\$ 15,638	\$ 12,862
Minor Projects	\$ 250,000	\$ 1,938	\$ 248,062
Grant Programs	\$ 24,175,000	\$ 2,125,758	\$ 22,049,242
Total Budget	\$ 52,678,330	\$ 13,024,407	\$ 39,653,924

The majority of the expense variance is associated with grant-funded capital projects, primarily due to delays in invoicing and project completion. Key contributors include \$15 million in construction costs for the Canada Honda Bridge and \$4.7 million in Union Pacific on-time performance (OTP) incentives, along with delays in North County Transit District OTP payments and several design projects.

Additionally, net train operating expenses are underrunning by \$16.3 million due to delays in finalizing the operating agreement with Amtrak, resulting in the postponement of payments from October 2023 to present.

For detailed information on other areas experiencing budget variances, please refer to Attachment A.

The LOSSAN Agency bylaws also require a quarterly report to be filed with the Board reporting the amount of money held, the amount and source of receipts since the last report, the amount and recipient of the amounts paid out since the last report, and a report of all expenditures under \$100,000. This report is included as Attachment B.

The LOSSAN Board has directed staff to provide a listing of all open agreements, including vendor, description of purchase, contract number, contract amount, amount spent, remaining balance, and expiration date on a quarterly basis. The report is provided as Attachment C.

Summary

Through the second quarter of Fiscal Year 2024-25, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency’s actual revenues and expenses remain below budget. Most of the variance is due to the timing of invoicing, as reimbursements from the State are contingent on the receipt and payment of UPRR invoices, along with project delays related to design and environmental work.

Attachments

- A. Quarterly Budget Status Report, Second Quarter of Fiscal Year 2024-25
- B. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Second Quarter Financial Activity Report, Fiscal Year 2024-25
- C. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Open Agreements Listing as of December 31, 2024

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