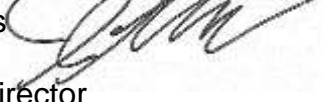




**June 21, 2022**

**To:** Members of the Board of Directors   
**From:** Jason Jewell, Interim Managing Director  
**Subject:** Fiscal Year 2021-22 Third Quarter Budget Status Report

### **Overview**

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's fiscal year 2021-22 budget was approved by the Board of Directors on March 15, 2021. The Board of Directors approved a budget amendment on June 21, 2021, in order to incorporate a revised Amtrak operating forecast and revised administrative and grants programs budgets. The California State Transportation Agency approved the fiscal year 2021-22 budget and funding on July 30, 2021. This report summarizes financial activities and performance through the third quarter of fiscal year 2021-22, covering the months of January through March 2022.

### **Recommendation**

Receive and file as an information item.

### **Background**

On March 15, 2021, 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) 2021-22 and FY 2022-23 (Business Plan), as well as the FY 2021-22 budget. Included in both the adopted budget and the Business Plan is funding for FY 2021-22 administrative and marketing services, in the amount of \$8,215,547 and \$30,807,380, for net train operations (including \$500,000 for minor capital projects and \$941,820, for reimbursement from other agencies), and \$74,022,000, for grant programs bringing the total adopted budget to \$113,544,927. The adopted budget for operations was based on preliminary cost estimates available at the time of adoption and assumed 80 percent of pre-pandemic operating service levels.

On June 21, 2021, the LOSSAN Board approved a budget amendment in order to incorporate revised Amtrak operating revenue and expense forecasts as well as

revised administrative and grant programs budgets. The amendment increased the net Amtrak operating budget by \$4,700,800. The administrative budget increased by \$413,860, to incorporate employee performance-based salary increases consistent with the managing agency, the Orange County Transportation Authority's (OCTA) adopted personnel and salary resolution. Grant program revenues and expenses increased by \$7,844,000, associated with Transit and Intercity Rail Capital Program (TIRCP) and Proposition 1B grant programs (Prop 1B) for the completion of timetable and corridor-wide network integration and strategic investment projects, host railroad access fees to support increased frequencies on the northern end of the corridor, and station security and safety projects.

## Discussion

The quarterly budget status report provides an overview of all financial activity, including a comparison of budget to actuals, and explanations for variances through 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 third quarter of FY 2021-22 totaled \$60,035,617, whereas actual revenues totaled \$9,889,177. This results in year-to-date (YTD) revenues under-running the budget by \$50,146,440.

The majority of the revenue variance fell within State Operating Funding. The variance is primarily due to lower than anticipated state operating funding for train operations due to Federal Funding relief

TABLE 1: REVENUES	FY 2021-22	FY 2021-22	
	Working Budget	Actuals	\$ Variance
	Year-To-Date	Year-To-Date	Year-To-Date
State Administrative Funding	\$ 6,615,547	\$ 3,514,704	\$ (3,100,844)
State Marketing Funding	\$ 1,600,000	\$ 1,600,000	\$ -
State Operating Funding	\$ 25,554,090	\$ 824,526	\$ (24,729,564)
Reimbursements from other Agencies	\$ -	\$ (26,531)	\$ (26,531)
Other State Funding	\$ 26,015,980	\$ 3,958,236	\$ (22,057,745)
State Capital Funding	\$ 250,000	\$ -	\$ (250,000)
Interest Revenue	\$ -	\$ 18,244	\$ 18,244
<b>Total Revenues</b>	<b>\$ 60,035,617</b>	<b>\$ 9,889,177</b>	<b>\$ (50,146,440)</b>

provided directly to Amtrak. Other areas experiencing budget variances are within other state funding due to timing of receiving reimbursements. The budget versus actual variances is further detailed in Attachment A.

## Expenses

As shown in Table 2, budgeted expenses through the third quarter of FY 2021-22 totaled \$86,623,358, whereas actual expenses totaled \$5,801,671, resulting in YTD expenses under-running the budget by \$80,821,687.

The majority of the expense variance fell within grant programs due to prior year expense accruals and the timing of payments to Union Pacific Rail Road for capital improvement projects on the northern end of the corridor. Invoice reimbursements have taken longer than anticipated, which due to the large dollar amount, are needed in order to pay additional invoices. Details on the other areas experiencing budget variances can be found in Attachment A.

<b>TABLE 2: EXPENSES</b>			
	<b>FY 2021-22</b>	<b>FY 2021-22</b>	
	<b>Working Budget</b>	<b>Actuals</b>	<b>\$ Variance</b>
<b>Administrative Budget Line</b>	<b>Year-To-Date</b>	<b>Year-To-Date</b>	<b>Year-To-Date</b>
Administration - Staffing	\$ 4,499,147	\$ 2,999,994	\$ 1,499,153
Legal Services	\$ 34,840	\$ 29,692	\$ 5,148
Travel	\$ 38,909	\$ 11,505	\$ 27,404
Marketing	\$ 1,144,556	\$ 281,431	\$ 863,125
Contracted services	\$ 604,822	\$ 396,073	\$ 208,749
Dues & Memberships	\$ 5,000	\$ 14,287	\$ (9,287)
Banking Services	\$ 1,005	\$ (60)	\$ 1,065
<b>Total Admin Services</b>	<b>\$ 6,383,279</b>	<b>\$ 3,799,788</b>	<b>\$ 2,583,491</b>
<b>Operating/Capital Budget Line Items</b>			
Net Train Operating Expenses	\$ 26,269,401	\$ 971,888	\$ 25,297,513
Minor Projects	\$ 250,000	\$ -	\$ 250,000
Grant Programs	\$ 53,720,678	\$ 1,029,994	\$ 52,690,684
<b>Total Budget</b>	<b>\$ 86,623,358</b>	<b>\$ 5,801,671</b>	<b>\$ 80,821,687</b>

The LOSSAN Agency bylaws 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 Agency 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. This report is provided as Attachment C.

**Summary**

Through the third quarter of fiscal year 2021-22, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's actual revenues and expenses are below budget. The majority of the revenue variance is due lower than anticipated state operating funding for train operations due to Federal Funding relief provided directly to Amtrak, and the majority of the expense variance is due to prior year expense accruals and the timing of payments to Union Pacific Railroad.

***Attachments***

- A. Quarterly Budget Status Report, Third Quarter of Fiscal Year 2021-22
- B. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Third Quarter Financial Activity Report, Fiscal Year 2021-22
- C. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Open Agreements Listing as of March 31, 2022