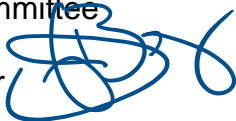




**November 7, 2019**

**To:** Members of the Technical Advisory Committee  
**From:** Jennifer L. Bergener, Managing Director   
**Subject:** Annual Business Plan and Budget Assumptions for Fiscal Years 2020-21 and 2021-22

### **Overview**

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency is required to submit an annual business plan to the California State Transportation Agency by April 1 of each year that provides the basis for its annual budget request and any proposed changes to the Pacific Surfliner service. A list of key assumptions that will be used in developing the budget and business plan for fiscal years 2020-21 and 2021-22 is presented for Technical Advisory Committee's review.

### **Recommendation**

Direct staff to incorporate the key assumptions into the development of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency business plan for fiscal years 2020-21 and 2021-22.

### **Background**

Per the interagency transfer agreement (ITA) between the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) and the California Department of Transportation, as well as the LOSSAN Joint Powers Agreement, the LOSSAN Agency must develop an annual business plan (ABP) to be approved by the LOSSAN Agency Board of Directors (Board). The ABP must be submitted to the Secretary of the California State Transportation Agency (CalSTA) by April 1 of each year. It is a two-year planning, operations, and budget document that serves as the LOSSAN Agency's formal ABP request to CalSTA. CalSTA is required to review and approve the annual business plan by September 1 of each year. The ABP must be consistent with the most recently adopted State Rail Plan and California High-Speed Rail Authority business plan.

The ABP is required to include a report on performance of the Pacific Surfliner service; an overall operating plan, including proposed service enhancements to increase ridership and accommodate travel demand; a marketing plan; a

short-term and long-term capital improvement program; funding requirements for the upcoming fiscal year (FY); and an action plan with specific performance goals and objectives. The ABP must also document any planned operational changes necessary to provide the service, including operating plans to serve peak-period trips, and consideration of other service expansions and enhancements.

In addition, the ABP must clearly delineate how funding and accounting for state-sponsored intercity passenger rail service will be separate from locally sponsored services in the rail corridor. Proposals to expand or modify passenger rail services are required to be accompanied by the identification of all associated costs and ridership projections. The ABP also establishes, among other things: fares, operating strategies, and other initiatives designed to meet performance standards established in the ITA.

### ***Discussion***

The initial LOSSAN ABP was submitted to CalSTA concurrent with the ITA in June 2015, and covered FY 2015-16 and FY 2016-17. The business plan for FY 2020-21 and FY 2021-22 will focus on the LOSSAN Agency's efforts to enhance and expand the Pacific Surfliner service, outlining planned service expansions, updated operational strategies, existing and future equipment needs, marketing initiatives, and the capital improvements necessary to meet planned future service levels. Draft budget projections will also be provided as part of the updated business plan as a placeholder, but will be revised and resubmitted for final approval by June 2020, following receipt of operating cost estimates from Amtrak. These costs estimates are typically received March 31, with the deadline for submitting the ABP being April 1.

The following key assumptions are proposed to be incorporated into the FY 2020-21 and FY 2021-22 business plan:

- Implementation of a new roundtrip between San Diego and San Luis Obispo, creating a 14<sup>th</sup> roundtrip between San Diego and Los Angeles, a 6<sup>th</sup> roundtrip between San Diego and Goleta, and a 3<sup>rd</sup> roundtrip between San Diego and San Luis Obispo
- Additional seasonal service for holidays and special events beyond what IS already provide for Del Mar, Comic Con, and Thanksgiving
- One percent ridership growth and a two percent revenue growth if service remains unchanged
- Two percent ridership growth and a three percent revenue growth if the additional round trip is implemented
- Modification of the existing Rail 2 Rail Program with Metrolink to a form that more equitably distributes both cost and revenue

- Modification of the existing Rail 2 Rail Program with COASTER to a form that more equitably distributes both cost and revenue
- Continuation of Pacific Surfliner Transit Transfer Program using remaining Transit and Intercity Rail Capital Program funds
- 16 full-time staff positions, with the addition of one full-time LOSSAN Project Manager and one full time LOSSAN Transportation Analyst
- Four percent performance-based merit increase pool for administrative employees, and three percent special award pool, consistent with Orange County Transportation Authority budget proposal for FY 2020-21
- Annual marketing budget of \$2 million, plus use of prior year surplus
- A multi-year capital improvement program utilizing all available funding sources
  - Minor capital revenue from the state at \$500,000 per year
  - State rail assistance funding of \$5.1 million per year
- Professional services budget of \$450,000 to fund audit and on-call consulting services for planning, modeling, project, and construction management
- Professional services budget of \$350,000, to fund environmental and final design consulting services

#### Next Steps

Staff will finalize the draft ABP and budget for FY 2020-21 and FY 2021-22, and return to the Board for review and approval in February 2020. Staff will finalize the draft ABP and budget for FY 2020-21 and FY 2021-22, and will provide the draft chapters to the Technical Advisory Committee (TAC) for review and comment in January 2020. A redline version, incorporating TAC input as appropriate, will be returned to the TAC prior to returning to the Board for initial review and approval in February 2020.

***Summary***

Staff has developed key assumptions for use in the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency budget and business plan for fiscal year 2020-21 and fiscal year 2021-22. Staff will finalize the draft business plan and budget and return to the Board of Directors for initial review and approval in February 2020.

***Attachment***

None.

**Prepared by:**

A handwritten signature in black ink, appearing to read 'Roger M. Lopez', with a long horizontal line extending to the right.

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