




May 18, 2020

To: Members of the Board of Directors

From: Donna DeMartino, Managing Director 

Subject: Final Approval of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Business Plan Submittal 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 each year. The business plan is a two-year planning document that outlines operations and service goals, discusses any proposed changes to the Pacific Surfliner service, and provides the basis for the annual budget request. The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency business plan for fiscal years 2020-21 and 2021-22 is presented for review and approval.

Recommendations

- A. Adopt the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency business plan for fiscal years 2020-21 and 2021-22.
- B. Approve the staff submittal of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency business plan for fiscal years 2020-21 and 2021-22 to the Secretary of the California State Transportation Agency on May 1, 2020.
- C. Direct staff to return to the Board of Directors in September 2020 with an updated business plan that includes revised budget assumptions consistent with the revenue and expense estimates provided by Amtrak for federal fiscal year 2020-21.

Discussion

Per the interagency transfer agreement between the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) and the California Department of Transportation (Caltrans), and the LOSSAN Joint Powers Agreement, the LOSSAN Agency must develop a business plan to be approved by the LOSSAN Agency Board of Directors (Board) and submitted

to the Secretary of the California State Transportation Agency (CalSTA) by April 1 of each year. The business plan is a two-year planning, operations, and budget document that provides the basis for the annual budget request, outlines operating and service goals, and discusses any proposed changes to the Pacific Surfliner service. The annual budget request must be included and consistent with the annual business plan.

The proposed business plan for fiscal year (FY) 2020-21 and FY 2021-22 discusses the LOSSAN Agency's progress toward meeting the goals and objectives included in prior business plans while outlining proposed enhancements to the Pacific Surfliner service planned over the next two years.

A draft budget is also included as part of the business plan and will be revised and resubmitted for final approval in June 2020 following receipt of annual operating revenue and expense estimates from Amtrak for federal FY 2020-21. Annual operating revenue and expense estimates are typically not received from Amtrak until March 31, which does not allow for sufficient time for review and incorporation into the annual business plan prior to the April 1 deadline. As part of the approval letter for the current business plan, CalSTA has allowed for this adjustment to the annual budget request to provide sufficient time for the LOSSAN Agency to address any revisions necessary following the receipt of operating expense and revenue estimates from Amtrak.

On November 18, 2019, the LOSSAN Agency Board reviewed a list of key assumptions for the LOSSAN Agency business plan for FY 2020-21 and FY 2021-22 and directed staff to incorporate those assumptions into the draft of the business plan. As directed, a draft was prepared utilizing the Board-approved assumptions.

On December 23, 2019, the draft chapters were forwarded to the Technical Advisory Committee (TAC) for review and comment. Written comments and suggested edits were received from the TAC and incorporated into the draft business plan. A redline version of the draft, indicating the edits that addressed the TAC requested adjustments, was distributed to the TAC on January 18, 2020. This gave the TAC an opportunity for a final review and to ensure that their input was accurately reflected in the revised draft. A final discussion was held at the TAC meeting on February 3, 2020. At that time staff confirmed that there were no additional suggested edits to the final draft document.

On February 18, 2020, staff presented the draft business plan to the Board for review and comment. No additional comments were received. The only adjustments made to the document reviewed by the TAC and Board were minor grammatical changes found during copy editing.

Impacts of COVID-19

The final business plan was scheduled to be approved at the March 18, 2020 Board meeting. However, as a result of the impact of the COVID-19 pandemic, that Board meeting was cancelled. In the weeks that followed, as ridership declined and service reductions were implemented, it became apparent that the business plan would need to be adjusted. Of particular focus would be the budgetary impacts of the elimination and eventually resumption of service. After discussions with CalSTA, an extension on the submittal deadline was granted until May 1, 2020. Additional direction was also provided by CalSTA on the budgetary adjustments that needed to occur. This direction included instruction to request any additional positions that the LOSSAN Agency may need over the upcoming year, as the administrative budgets would likely be fixed after the initial approval.

On May 1, 2020, the business plan was submitted to CalSTA. The transmittal letter indicated that the validity of the business plan was contingent on Board approval. Additionally, chapter 11 of the business plan has been updated to reflect CalSTA direction and has been marked “draft” pending the adjustments that will take place once updated cost estimates are received from Amtrak. The executive summary has minor adjustments to accurately reflect the budgetary information now contained in chapter 11.

Next Steps

LOSSAN Agency staff will work with Amtrak to develop updated estimates based on both the current status and planned resumption of Pacific Surfliner service. Once these have been received and reviewed for accuracy, the business plan will be amended accordingly. The amended business plan will return to the technical advisory committee and Board for review and approval in September 2020, for final submittal to CalSTA by September 30, 2020. It is anticipated that a final business plan approval letter will not be provided to the LOSSAN Agency until CalSTA and Caltrans have received and reviewed the amended business plan in September 2020.

Summary

Consistent with the requirements of the interagency transfer agreement and the joint powers agreement, staff has developed the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Business Plan for Fiscal Years 2020-21 and 2021-22. The business plan was submitted to the Secretary of the California State Transportation Agency on May 1, 2020. The submitted business plan reflected adjustments in response to the COVID-19 pandemic and direction from the Chief Deputy Secretary, Rail and Transit of the California State

Transportation Agency. Staff will return to the Board of Directors no later than September 2020 for approval of an amended business plan for resubmittal to the Secretary of the California State Transportation Agency.

Attachment

- A. LOSSAN Rail Corridor Agency Business Plan, FY 2020-21 and FY 2021-22

Prepared by:

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

Roger M. Lopez
Manager, Planning and Analysis
(714) 560-5438