




**February 16, 2021**

**To:** Members of the Board of Directors

**From:** Donna DeMartino, Managing Director 

**Subject:** Final Draft Business Plan for Fiscal Years 2021-22 and 2022-23

### **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 1st of each year that provides the basis for its annual budget request, outlines operations and service goals, and discusses any proposed changes to the Pacific Surfliner intercity passenger rail service. Staff has prepared a draft of the annual business plan for fiscal years 2021-22 and 2022-23 for Board of Directors' review.

### **Recommendation**

Direct staff to incorporate comments received from the Board of Directors into the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's annual business plan for fiscal years 2021-22 and 2022-23 and return to the Board of Directors on March 15, 2021, for final approval.

### **Background**

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, and the LOSSAN Joint Powers Agreement, require the LOSSAN Agency to annually 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 1st of each year. The annual business plan (ABP) is a two-year planning, operations, and budget document that serves as the LOSSAN Agency's formal operations, maintenance and management plan and funding request to CalSTA. CalSTA is required to review and approve the ABP by September 1st of each year and it must be consistent with the most recently adopted State Rail Plan and California High-Speed Rail Authority business plan.

The elements of the ABP are prescribed by the ITA and include: a report on performance of the Pacific Surfliner intercity passenger rail 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 service changes, 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 services must identify all associated cost estimates, revenue, 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.

A draft budget is included as part of the ABP, but will be revised and resubmitted for final approval by June 30, following receipt of annual operating revenue and expense estimates from Amtrak for federal FY 2021-22. The operating revenue and expense estimates are typically received from Amtrak after the April 1, 2021 deadline for submitting the ABP. As part of the approval letter for the current business plan, CalSTA has allowed for this adjustment to the budget to provide sufficient time for the LOSSAN Agency to update the budget following the receipt of annual operating expense and revenue estimates from Amtrak.

### ***Discussion***

On November 16, 2020, the LOSSAN Agency Board reviewed a list of key assumptions for the LOSSAN Agency ABP for FY 2021-22 and 2022-23 and directed staff to incorporate those assumptions into the draft of the business plan. A draft was then prepared using the Board-approved assumptions and considering informal direction from CalSTA.

On December 18, 2020, 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 ABP. A redline version of the draft, indicating the edits that addressed the input provided by the TAC, was redistributed to the TAC on January 12, 2021, giving the TAC an opportunity for a final review and to ensure their input was accurately reflected in the revised draft. A final discussion was held at the TAC meeting on February 4, 2021. Staff confirmed that there were no additional suggested edits to the draft document, which is now being presented for Board review.

**Next Steps**

Staff will incorporate any additional comments received from member agencies and the Board into the ABP. The complete ABP for FY 2021-22 and 2022-23 will then be presented to the Board for approval at the March 15, 2021 meeting. Upon Board approval, staff will submit the document to CalSTA before the April 1, 2021 deadline.

***Summary***

Consistent with the requirements of the interagency transfer agreement and joint powers agreement, staff prepared a draft of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency business plan for Fiscal Year 2021-22 and Fiscal Year 2022-23. The final draft is presented for Board of Directors' review. Pending any additional comments or input, the final annual business plan will be submitted to the Board of Directors for approval at the March 15, 2021 Board meeting.

***Attachment***

- A. LOSSAN Rail Corridor Agency Business Plan, FY 2021-22 to FY 2022-23

**Prepared by:**

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