



**June 21, 2021**

**To:** Members of the Board of Directors  
**From:** Donna DeMartino, Managing Director  
**Subject:** Fiscal Year 2020-21 Budget Amendment

### **Overview**

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's fiscal year 2020-21 budget and the Business Plan for Fiscal Year 2020-21 and Fiscal Year 2021-22 were approved by the Board of Directors on May 18, 2020. The California State Transportation Agency approved the administrative and marketing components of the fiscal year 2020-21 budget on July 9, 2020, and the operations component on September 23, 2020. The fiscal year 2020-21 budget was amended on November 16, 2020, to include the Amtrak Federal Fiscal Year 2020-21 operating forecast and funding levels approved by the California State Transportation Agency, as well as revisions to the administrative, marketing and grant budgets. Staff is seeking Board of Director's approval to amend the fiscal year 2020-21 budget for increases in revenues and expenses related to grant programs.

### **Recommendations**

Amend the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's Fiscal Year 2020-21 revenue and expense grant programs by \$25 million.

### **Background**

The development of the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency's (Agency) fiscal year (FY) 2020-21 budget and the business plan for FY 2020-21 and FY 2021-22 was significantly impacted due to the coronavirus (COVID-19) pandemic. The final business plan was scheduled to be approved at the March 18, 2020, Board of Directors (Board) meeting. However, as a result of pandemic-related restrictions the March 2020 Board meeting was canceled. In the weeks that followed, it became apparent that the annual budget request would need to be adjusted to reflect the reduction of service as well as funding constraints imposed by the State. Staff began working with Amtrak to develop revised operating revenue and expense estimates as well as coordinated with Amtrak, the State, and the two other California State-supported routes on cost savings measures. A timeline of fiscal year 2020-21 budget activity is highlighted on the next page.

On May 18, 2020, the Board approved the May 1, 2020, submittal of the LOSSAN Agency FY 2020-21 budget and the FY's 2020-21 and 2021-22 Business Plan and directed staff to return in September 2020 with an updated budget request once revised cost estimates were received by Amtrak.

On July 10, 2020, the California State Transportation Agency (CalSTA) provided early approval of the administrative, marketing, and minor capital programs elements of the FY 2020-21 budget.

On September 21, 2020, the Board directed staff to return in November 2020 with a revised operating budget consistent with the revenue and expense estimates provided by Amtrak.

On September 23, 2020, CalSTA provided approval for the estimated funding necessary to cover the first four months of federal FY (FFY) Amtrak operating net expenses (October 2020 through January 2021). This short-term funding approval was provided with the understanding that the State and the LOSSAN Agency will closely monitor expenses and revenues and coordinate on additional funding requests as the FY progresses.

On November 16, 2020, the Board approved an amendment to the FY 2020-21 revenue and expense budget to reflect the revised Amtrak operating revenue and expense budget and State-approved operating funding levels, as well as revised administrative, marketing, and grants budgets.

### ***Discussion***

The LOSSAN Agency's FY 2020-21 amended operating budget includes \$17,120,000 for net Amtrak operating costs. This amount reflects reduced levels of service and assumes Amtrak will continue to apply federal funding credits through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 and the American Rescue Plan Act of 2021 through the first quarter of FFY 2021-22. The FY 2020-21 amended budget includes \$6,363,017 for administrative services, \$1,240,390 for marketing services, and \$43,479,057 for various grant programs.

#### **Grant Programs Budget**

A budget amendment for FY 2020-21 is necessary for the grant programs due to the acceleration of capital projects along the northern end of the corridor. It is important to note that this is not an increase to the project budgets, only a change in the timing of the project cash flows. No budget amendment is necessary for the operations, administration, or marketing components of the budget.

The FY 2020-21 current grant programs working (amended) budget is \$43,479,057. The proposed amendment to both revenues and expenses includes an increase of \$25,000,000, from \$43,479,057 to \$68,479,057 to support an accelerated implementation schedule by Union Pacific Railroad (UPRR) to design and construct capital improvement projects on the northern end of the corridor. UPRR anticipates many of these projects to be completed 18-24 months earlier than previously expected. These improvements are necessary to implement two additional roundtrips north of Los Angeles. The projects are included in an agreement between the LOSSAN Agency and UPRR, which was authorized by the Board on February 18, 2020. UPRR has accelerated the work on several of the projects through the remainder of FY 2020-21, including the Replacement of Pre-1949 Rail, Replacement Ties, the Los Alamos Creek Bridge (Narlon) replacement, Upgrade of Non-Powered Switches, and the Installation of Centralized Traffic Control (Goleta to San Luis Obispo). Staff has coordinated with UPRR on the additional work anticipated to be completed on these projects through the remainder of FY 2020-21, which is currently estimated to be \$25,000,000. These projects are fully funded by 2016 and 2018 Transit and Intercity Rail Capital Program grant funding.

A summary of the proposed FY 2020-21 budget amendment is presented in the table below. A more detailed summary of the proposed FY 2020-21 budget amendment is presented in Attachment A.

Revenues	Fiscal Year (FY) 2020-21 Adopted Budget'	November 16, 2021 Budget Amendment	June 21, 2021 Proposed Budget Amendment	FY 2020-21 Working Budget
Total Revenues Available for Amtrak Operating Expenses	\$ 50,567,505	\$ (33,447,505)	\$ -	\$ 17,120,000
Total State Minor Projects Revenues	\$ 500,000	\$ (500,000)	\$ -	\$ -
Total State and Grant Administration and Marketing Funding	\$ 10,071,172	\$ (2,467,765)	\$ -	\$ 7,603,407
Total Grant Programs Revenues	\$ 19,682,000	\$ 23,797,057	\$ 25,000,000	\$ 68,479,057
Total Revenue Budget	\$ 80,820,677	\$ (12,618,213)	\$ 25,000,000	\$ 93,202,464
Expenses	Fiscal Year (FY) 2020-21 Adopted Budget'	November 16, 2021 Budget Amendment	June 21, 2021 Proposed Budget Amendment	FY 2020-21 Working Budget
Net Amtrak Operating Expenses	\$ 50,567,505	\$ (33,447,505)	\$ -	\$ 17,120,000
Total Minor Projects Expenses	\$ 500,000	\$ (500,000)	\$ -	\$ -
Total State Administration and Marketing Expenses	\$ 10,071,172	\$ (2,467,765)	\$ -	\$ 7,603,407
Total Grant Programs Expenses	\$ 19,682,000	\$ 23,797,057	\$ 25,000,000	\$ 68,479,057
Total Expense Budget	\$ 80,820,677	\$ (12,618,213)	\$ 25,000,000	\$ 93,202,464

### Summary

The proposed Fiscal Year 2020-21 proposed budget amendment increases the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Fiscal Year 2020-21 grant programs revenue and expense budget by \$25,000,000.

***Attachment***

- A. Fiscal Year 2020-21 Proposed Budget Amendment, Revenues and Expense Detail

**Prepared by:**

A handwritten signature in black ink, appearing to read 'J. Jewell', is written over a light gray rectangular background.

Jason Jewell  
Finance and Administration Manager  
(714) 560-5688