



November 15, 2021

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

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's fiscal year 2020-21 budget was 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. This report summarizes financial activities and performance through the fourth quarter of fiscal year 2020-21, covering the months of April through June 2021.

Recommendation

Receive and file as an information item.

Background

The development of the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency's (Agency) fiscal year (FY) 2020-21 budget was significantly impacted due to the coronavirus (COVID-19) pandemic. The draft FY 2020-21 budget was anticipated to be approved by the Board of Directors (Board) on March 18, 2020, during the regularly scheduled Board meeting; however, the meeting was canceled as a result of COVID-19 pandemic-related travel restrictions. At that time, it became apparent that the annual budget submittal would need to be adjusted to reflect the pandemic-related reduction in service levels and State-imposed funding constraints. Staff then worked with Amtrak to develop revised operating estimates and coordinated state-wide cost savings measures, along with the State, the California State Transportation Agency (CalSTA), and the two other California state-supported routes. A timeline of budget activities over the last year is provided below.

- May 18, 2020: the Board approved the LOSSAN Agency FY 2020-21 budget submittal and directed staff to return in September 2020 with an updated budget request incorporating revised cost estimates.
- July 10, 2020: CalSTA approved the administrative, marketing, and minor capital programs elements of the FY 2020-21 budget submittal.
- September 21, 2020: the Board directed staff to return in November 2020 with a revised operating budget consistent with revised Amtrak estimates.
- September 23, 2020: CalSTA approved the estimated funding necessary for the first four months of Amtrak's federal FY (FFY) operating expenses (October 2020 through January 2021). This was provided with the understanding that the State and the LOSSAN Agency will closely monitor expenses and revenues and coordinate additional funding requests as the FY progresses.
- November 16, 2020: the Board approved an amendment to the FY 2020-21 budget to reflect revised Amtrak operating forecasts at the reduced service levels, and revised administrative, marketing, and grants program budgets consistent with State-approved funding levels.
- June 21, 2021: the Board approved an amendment to the FY 2020-21 budget to increase revenues and expenses related to grant programs.

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.

TABLE 1: REVENUES	FY 2020-21		
	Working Budget Year-To- Date	FY 2020-21 Actuals Year-To-Date	\$ Variance Year-To-Date
State Administrative Funding	\$ 6,363,017	\$ 6,276,175	\$ (86,842)
State Marketing Funding	\$ 1,240,390	\$ -	\$ (1,240,390)
State Operating Funding	\$ 17,020,000	\$ 6,045,979	\$ (10,974,021)
Reimbursements from other Agencies	\$ 25,000	\$ 24,745	\$ (255)
Other State Funding	\$ 68,479,057	\$ 48,756,419	\$ (19,722,638)
State Capital Funding	\$ -	\$ -	\$ -
Revenue	\$ -	\$ (107,100)	\$ (107,100)
Interest Revenue	\$ 75,000	\$ 47,563	\$ (27,437)
Total Revenues	\$ 93,202,464	\$ 61,044,092	\$ (32,158,372)

Revenues

As shown in Table 1, budgeted revenues through the fourth quarter of FY 2020-21 totaled \$93,202,464, whereas actual revenues totaled \$61,044,092. This results in year-to-date (YTD) revenues under-running the budget by \$32,158,372.

The majority of the revenue variance fell within other state funding (grant revenue) primarily due to lower than anticipated reimbursements of grant revenues directly related to Union Pacific Railroad (UPRR) projects. These projects were expected to be completed through the fourth quarter, instead, this work will be largely completed in the first quarter of FY 2021-22. Other areas experiencing budget variances are within state operating and state marketing funding. The budget versus actual variances is further detailed in Attachment A.

Expenses

As shown in Table 2, budgeted expenses through the fourth quarter of FY 2020-21 totaled \$93,202,464, whereas actual expenses totaled \$57,874,591, resulting in YTD expenses under-running the budget by \$35,327,873.

The majority of the expense variance fell within grant programs due to less than anticipated UPRR project expenses. These projects were expected to be completed through the fourth quarter, instead, this work will be largely completed in the first quarter of FY 2021-22 and has been re-budgeted accordingly. Details on the other areas experiencing budget variances can be found in Attachment A.

TABLE 2: EXPENSES			
Administrative Budget Line Items	Working Budget Year-To-Date	FY 2020-21 Actuals Year-To-Date	\$ Variance Year-To-Date
Administration - Staffing	\$ 5,384,517	\$ 4,534,238	\$ 850,279
Legal Services	\$ 50,000	\$ 49,616	\$ 384
Travel	\$ 52,000	\$ 3,184	\$ 48,816
Marketing	\$ 1,240,390	\$ 652,501	\$ 587,889
Insurance	\$ 80,000	\$ 61,541	\$ 18,459
Contracted services	\$ 790,000	\$ 475,284	\$ 314,716
Dues & Memberships	\$ 5,000	\$ 5,200	\$ (200)
Banking Services	\$ 1,500	\$ 898	\$ 602
Total Admin Services	\$ 7,603,407	\$ 5,782,462	\$ 1,820,945
Operating/Capital Budget Line Items			
Net Train Operating Expenses	\$17,120,000	\$ 13,162,386	\$ 3,957,614
Minor Projects	\$ -	\$ -	\$ -
Grant Programs	\$68,479,057	\$ 38,929,743	\$ 29,549,314
Total Operating/Capital Budget	\$85,599,057	\$ 52,092,129	\$ 33,506,928
Total Budget	\$93,202,464	\$ 57,874,591	\$ 35,327,873

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 fourth quarter of fiscal year 2020-21, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's actual revenues and expenses are below budget. The majority of the revenue and expense variance is due to lower than anticipated actuals related to the Union Pacific Railroad capital improvement projects.

Attachments

- A. Quarterly Budget Status Report, Fourth Quarter of Fiscal Year 2020-21
- B. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Fourth Quarter Financial Activity Report, Fiscal Year 2020-21
- C. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Open Agreements Listing as of June 30, 2021

Prepared by:



Jason Jewell
Finance and Administration Manager
(714) 560-5086