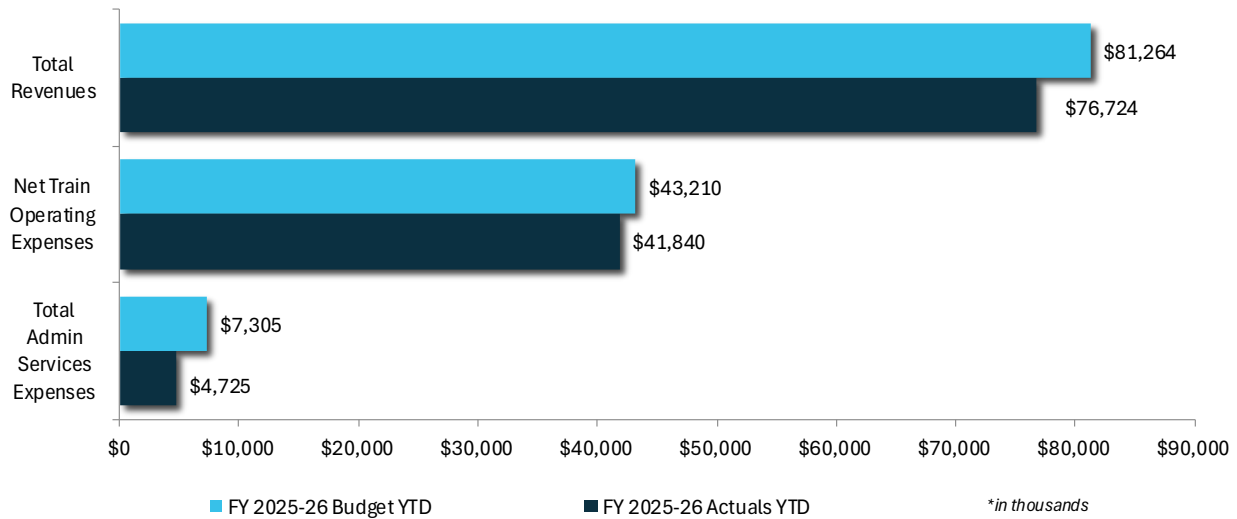




Quarterly Budget Status Report

Third Quarter of Fiscal Year 2025-26

FY 2025-26 Budget to Actuals Year-To-Date



OVERVIEW

The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) Business Plan for Fiscal Year (FY) 2025-26 and FY 2026-27 (Business Plan), and the FY 2025-26 budget were approved at the March 17, 2025, Board of Directors (Board) meeting. The business plan was submitted to the Secretary of the California State Transportation Agency prior to the deadline of April 1, 2025, as required by the interagency transfer agreement and LOSSAN joint powers agreement.

The Board-approved FY 2025-26 Business Plan and budget total \$153.2 million. This includes funding for administrative and marketing services in the amount of \$9.7 million, and \$58.6 million for net train operations (which includes \$74,350 for the continuation of the transit transfer program), \$1 million for minor capital projects, and \$83.9 million for grant programs.

The FY 2025-26 adopted budget assumes the California Department of Transportation (Caltrans) Division of Rail will directly fund equipment capital charges for the Amtrak-owned railcars and locomotives used on the three state-supported corridors. As a result, equipment capital charges are not included in the operating agreement between Amtrak and the LOSSAN Agency.

This report highlights the major variances between the budget and actual revenues and expenses through the third quarter (July 2025 through March 2026) of FY 2025-26. It is important to note that Amtrak operates on a Federal Fiscal Year (FFY) of October through September, while the LOSSAN Agency operates on a Fiscal Year (FY) running from July through June.

REVENUES

TABLE 1: REVENUES

	FY 2025-26 Adopted Budget	FY 2025-26 Working Budget ³	FY 2025-26 Working Budget Year-To-Date	FY 2025-26 Actuals Year-To-Date	\$ Variance Year-To-Date	% Variance Year-To-Date	FY 2025-26 Percent of Budget Used-to-Date
State Administrative Funding	\$ 7,725,300	\$ 7,725,300	\$ 3,862,650	\$ 3,862,650	\$ -	0.0%	50.0%
State Marketing Funding	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	0.0%	100.0%
State Operating Funding	\$ 53,774,790	\$ 53,774,790	\$ 40,259,220	\$ 53,534,145	\$ 13,274,925	33.0%	99.6%
Federal Grant Funding	\$ 4,859,000	\$ 4,859,000	\$ 2,526,680	\$ -	\$ (2,526,680)	-100.0%	0.0%
Reimbursements from other Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Other State Funding ¹	\$ 83,878,000	\$ 83,878,000	\$ 32,115,480	\$ 16,348,886	\$ (15,766,594)	-49.1%	19.5%
State Capital Funding ²	\$ 1,000,000	\$ 1,000,000	\$ 500,000	\$ -	\$ (500,000)	-100.0%	0.0%
Amtrak Penalty & Assessment Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Net State/Other Agency Funded	\$ 153,237,090	\$ 153,237,090	\$ 81,264,030	\$ 75,745,681	\$ (5,518,349)	-216.1%	269.0%
Interest Revenue	\$ -	\$ -	\$ -	\$ 928,256	\$ 928,256	N/A	0.0%
Other Revenue	\$ -	\$ -	\$ -	\$ 50,323	\$ 50,323	N/A	N/A
Total Revenues	\$ 153,237,090	\$ 153,237,090	\$ 81,264,030	\$ 76,724,260	\$ (4,539,770)	-5.6%	50.1%

¹ Includes Transit & Intercity Rail Capital Program, California Transit Security Grant Program, State Rail Assistance, State Transportation Improvement Program Funds and Proposition 1B grant

² Includes State Minor projects funding

³ Working budget is the adopted budget plus any amendments approved during the year. Adjusted for prior year accruals.

⁴ Actuals are subject to change based on year-end accruals and audit adjustments

Budgeted revenues through the third quarter of FY 2025-26 totaled \$81.3 million, as presented in the table above under “FY 2025-26 Working Budget Year-To-Date”. Actual Year-To-Date revenues through the third quarter totaled \$76.7 million, resulting in an underrun of \$4.5 million.

This underrun is primarily driven by a \$15.8 million underrun in Other State Funding (grant revenue). The variance is largely attributable to construction expenditures associated with the Canada Honda Bridge project. Expenses for the project came in higher than expected in FY 2025, leading to a lower-than-expected total for FY 2026. These invoices were received after the development and approval of the FY 2026 budget. As a result, \$9.4 million in related grant reimbursements were recorded in FY 2024–25. In addition, delays within the capital projects program and the timing of invoice receipt contributed to the variance, as invoices undergo detailed review and reconciliation prior to payment. Key contributors include the Union Pacific (UPRR) Franchise Access Fee, Capital Access and Incentive (\$4.6 million), North County Transit District (NCTD) Capital and On-Time Performance Incentive (\$3 million), Ortega Siding (\$1.7 million), Camarillo Station Improvements (\$1.2 million), Leesdale Siding (\$1.1 million), Goleta Layover Facility (\$0.3 million), and Central Coast Layover Facility (\$0.2 million). This underrun is partially offset by an overrun Corridor Hardening Improvement of \$4.5 million, due to funds being budgeted in the fourth quarter of FY 2025-26.

In addition, State Operating Assistance had an offsetting overrun of \$13.3 million due to the receipt of advanced payments from Caltrans for the April and May 2026 Amtrak Advancement Invoices. Federal Grant Funding finished the third quarter \$2.5 million below budget due to delays in the execution of the Federal Railroad Administration (FRA) Restoration and Enhancement Grant. The award was obligated in the third quarter of FY 2025-26. Once the grant was obligated, LOSSAN began the process of seeking reimbursement for the expenses incurred since restoration of the service started in March 2025. These reimbursements are expected to be submitted in the fourth quarter of FY 2025-26.

Total passenger revenue for the third quarter reached \$20 million, reflecting a 34% increase compared to the same period last year (\$14.9 million). This growth is driven by increased demand of service and the addition of the 11th and 12th roundtrips late in FY 2024-25 and the 13th round trip in January 2026.

Although passenger revenue is not directly recorded as a revenue source, it is netted as a reduction to monthly Amtrak expenses. This information is included to offer valuable insight into the performance of Pacific Surfliner service.

Operating Expenses

TABLE 2: EXPENSES							
Administrative Budget Line Items	FY 2025-26 Adopted Budget	FY 2025-26 Working Budget	FY 2025-26 Working Budget Year-To-Date	FY 2025-26 Actuals Year-To-Date	\$ Variance Year-To-Date	% Variance Year-To-Date	FY 2025-26 Percent of Budget Used-to-Date
Administration - Staffing	\$ 6,364,900	\$ 6,364,900	\$ 4,773,675	\$ 3,353,059	\$ 1,420,616	29.8%	52.7%
Legal Services	\$ 75,000	\$ 75,000	\$ 56,228	\$ 18,172	\$ 38,055	67.7%	24.2%
Travel	\$ 58,200	\$ 58,200	\$ 39,144	\$ 29,690	\$ 9,454	24.2%	51.0%
Marketing	\$ 2,000,000	\$ 2,000,000	\$ 1,526,092	\$ 721,654	\$ 804,438	52.7%	36.1%
Insurance	\$ 76,300	\$ 76,300	\$ 76,300	\$ 72,652	\$ 3,648	4.8%	95.2%
Contracted Services (Audit, Planning, On-Call)	\$ 1,141,400	\$ 1,141,400	\$ 824,903	\$ 396,227	\$ 428,676	52.0%	34.7%
Dues & Memberships	\$ 7,000	\$ 7,000	\$ 7,000	\$ 10,556	\$ (3,556)	-50.8%	150.9%
Other Business Expenses	\$ 2,500	\$ 2,500	\$ 1,874	\$ 123,366	\$ (121,492)	-6481.6%	4934.6%
Total Admin Services	\$ 9,725,300	\$ 9,725,300	\$ 7,305,216	\$ 4,725,376	\$ 2,579,840	35.3%	48.6%
Banking Services	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Total Admin Services	\$ 9,725,300	\$ 9,725,300	\$ 7,305,216	\$ 4,725,376	\$ 2,579,840	35.3%	48.6%
Non Budgeted Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Non Budgeted Admin Services	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
Total Administrative Services	\$ 9,725,300	\$ 9,725,300	\$ 7,305,216	\$ 4,725,376	\$ 2,579,840	35.3%	48.6%

Operating/Capital Budget Line Items	FY 2025-26 Adopted Budget	FY 2025-26 Working Budget	FY 2025-26 Working Budget Year-To-Date	FY 2025-26 Actuals Year-To-Date	\$ Variance Year-To-Date	% Variance Year-To-Date	FY 2025-26 Percent of Budget Used-to-Date
Net Train Operating Expenses	\$ 58,559,440	\$ 58,559,440	\$ 43,210,493	\$ 41,839,949	\$ 1,370,544	3.2%	71.4%
Transit Transfer Program	\$ 74,350	\$ 74,350	\$ 55,763	\$ 17,448	\$ 38,315	68.7%	23.5%
Minor Capital Projects	\$ 1,000,000	\$ 1,000,000	\$ 750,000	\$ 97,698	\$ 652,302	87.0%	9.8%
Grant Programs	\$ 83,878,000	\$ 83,878,000	\$ 34,428,850	\$ 18,596,309	\$ 15,832,541	46.0%	22.2%
Total Operating/Capital Budget	\$ 143,511,790	\$ 143,511,790	\$ 78,445,106	\$ 60,551,405	\$ 17,893,701	22.8%	42.2%
Total Budget	\$ 153,237,090	\$ 153,237,090	\$ 85,750,322	\$ 65,276,780	\$ 20,473,541	23.9%	42.6%

¹ Includes Transit & Intercity Rail Capital Program, California Transit Security Grant Program, State Rail Assistance, State Transportation Improvement Program Funds and Proposition 1B grant programs
Working budget is the adopted budget plus any amendments approved during the year. Actuals year to date include encumbrances. Adjusted for prior year accruals.

² Actuals are subject to change based on year-end accruals and audit adjustments.

Budgeted expenses through the third quarter of FY 2025-26 totaled \$85.8 million, as presented in the table above under “FY 2025-26 Working Budget Year-To-Date”. Actual Year-To-Date expenses through the third quarter totaled \$65.3 million, resulting in a variance of \$20.5 million.

This variance can be primarily attributed to grant-funded capital projects. This total includes project underruns of \$9.4 million in Canada Honda Bridge; \$3 million in North County Transit District (NCTD) Capital and On-Time Performance Incentive; \$2.8 million in Union Pacific Railroad (UPRR) Franchise Access Fee, Capital Access and Incentive; \$2 million in Orcutt Crossover; \$1.2 million in Camarillo Station Improvements; \$1 million in Ortega Siding; \$0.4 million in Leesdale Siding; and \$0.4 million in Goleta Layover Facility. As mentioned in the revenue section, many of these underruns are associated with delays in the capital program and the timing of work completion, invoice receipt, and payment processing, as invoices undergo detailed review and reconciliation prior to payment. These underruns are partially offset by an overrun of \$4.5 million in Corridor Hardening Improvement, due to the project being budgeted to begin in the fourth quarter of FY 2025–26.

Net Train Operations experienced an underrun of approximately \$1.4 million due to higher-than-projected ridership and fare revenue associated with the restoration of pre-pandemic service.

The Marketing budget variance reflects a \$804.4 thousand underrun, primarily comprised of \$391.4 thousand in Digital Advertising, \$104.8 thousand in Videography Services, \$80.7 thousand in Sponsorships, \$50.1 thousand in Social Media Management, and \$34.8 thousand in Strategic Marketing. This underrun is largely attributable to a planned reduction in digital advertising expenses as well as delays in contract execution for videography services.

The Administration (Staffing) budget had an underrun of \$1.4 million due to the timing of OCTA invoice payments, as well as staff vacancies. Contracted Services had an underrun of \$428.7 thousand, primarily due to reduced use of on-call project management support for capital projects as a result of increased in-house expertise. Utilization of these services is expected to increase as projects progress into the construction phase and require construction management support.

The underrun in Minor Capital Projects of \$652.3 thousand is due to the longer than expected lead time for the procurement of contractors. This caused a slight delay in the implementation of several projects. This underrun will diminish in the fourth quarter.