




June 15, 2026

To: Members of the Board of Directors

From: Jason Jewell, Managing Director 

Subject: Fiscal Year 2025-26 Third Quarter Budget Status Report

Overview

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's fiscal year 2025-26 Budget was approved by the Board of Directors on March 17, 2025. The California State Transportation Agency approved the fiscal year 2025-26 budget and funding on September 25, 2025. This report summarizes financial activities and performance through the third quarter of fiscal year 2025-26, covering the months of January through March 2026.

Recommendation

Receive and file as an information item.

Background

On March 17, 2025, the Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) Board of Directors (Board) approved the LOSSAN Agency Annual Business Plan for fiscal year (FY) 2025-26 and FY 2026-27 (Business Plan), as well as the FY 2025-26 budget. Included in both the adopted budget and the Business Plan is funding for FY 2025-26 administrative and marketing services, in the amount of \$9.7 million and \$58.6 million for net train operations (including \$74,350 for the continuation of the transit transfer program), \$1 million for minor capital projects, and \$83.9 million for grant programs bringing the total adopted budget to \$153.2 million.

Discussion

The quarterly budget status report provides an overview of all financial activity, including a comparison of budget to actuals, and explanations for variances throughout the report period. While the details can be found in Attachment A, a summary is below.

Revenues

As shown in Table 1, budgeted revenues through the third quarter of FY 2025-26 totaled \$81.3 million, while actual revenues totaled \$76.7 million. This results in year-to-date (YTD) revenues to underrun the budget by \$4.5 million.

TABLE 1: REVENUES	FY 2025-26 Working Budget		FY 2025-26 Actuals		\$ Variance
	Year-To-Date		Year-To-Date		Year-To-Date
State Administrative Funding	\$	3,862,650	\$	3,862,650	\$ -
State Marketing Funding	\$	2,000,000	\$	2,000,000	\$ -
State Operating Funding	\$	40,259,220	\$	53,534,145	\$ 13,274,925
Federal Grant Funding	\$	2,526,680	\$	-	\$ (2,526,680)
Other State Funding	\$	32,115,480	\$	16,348,886	\$ (15,766,594)
State Capital Funding	\$	500,000	\$	-	\$ (500,000)
Interest Revenue	\$	-	\$	928,256	\$ 928,256
Other Revenue	\$	-	\$	50,323	\$ 50,323
Total Revenues	\$	81,264,030	\$	76,724,260	\$ (4,539,770)

The variance is driven by two primary, offsetting factors. The largest component is a \$15.8 million shortfall in Other State Funding, which includes grant-funded capital projects. This shortfall was partially offset by a \$13.3 million increase in State Operating Assistance resulting from advanced payments received from Caltrans for the April and May 2026 Amtrak Advancement Invoices. The grant revenue underrun is primarily attributable to the majority of 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. In addition, project delays and the timing of invoice submittals across LOSSAN’s capital program contributed to the variance. Capital projects contributing to this timing variance include: Union Pacific Railroad (UPRR) Franchise Access Fee, Capital Access & Incentive, North County Transit District (NCTD) Capital & On-Time Performance (OTP) Incentive, Ortega Siding, Camarillo Station Improvements, Leesdale Siding, Central Coast Layover Facility, Integrated Wayfinding Signage, and Goleta Layover Facility.

In addition, there was an underrun of \$2.5 million in Federal Grant Funding due to the timing of the Federal Railroad Administration (FRA) Restoration and Enhancement (R&E) award execution. Execution of the R&E grant occurred in the third quarter of fiscal year 2025-26. Reimbursements for the costs incurred for the restoration service will be processed in the fourth quarter.

Together, these timing-related variances resulted in actual revenues being \$4.5 million below budget through the third quarter.

The budget variances are further detailed in Attachment A.

Expenses

As shown in Table 2, budgeted expenses through the third quarter of FY 2025-26 totaled \$85.8 million, whereas actual expenses totaled \$65.3 million, resulting in a year-to-date (YTD) expense underrun of \$20.5 million.

TABLE 2: EXPENSES					
Administrative Budget Line Items	FY 2025-26 Working Budget		FY 2025-26 Actuals		
	Year-To-Date		Year-To-Date		
				\$ Variance	
				Year-To-Date	
Administration - Staffing	\$	4,773,675	\$	3,353,059	\$ 1,420,616
Legal Services	\$	56,228	\$	18,172	\$ 38,055
Travel	\$	39,144	\$	29,690	\$ 9,454
Marketing	\$	1,526,092	\$	721,654	\$ 804,438
Insurance	\$	76,300	\$	72,652	\$ 3,648
Contracted services	\$	824,903	\$	396,227	\$ 428,676
Dues & Memberships	\$	7,000	\$	10,556	\$ (3,556)
Non Budgeted Expenses	\$	-	\$	-	\$ -
Other Business Expenses	\$	1,874	\$	123,366	\$ (121,492)
Total Administrative Services	\$	7,305,216	\$	4,725,376	\$ 2,579,840
Operating/Capital Budget Line Items					
Net Train Operating Expenses	\$	43,210,493	\$	41,839,949	\$ 1,370,544
Transit Transfer Program	\$	55,763	\$	17,448	\$ 38,315
Minor Capital Projects	\$	750,000	\$	97,698	\$ 652,302
Grant Programs	\$	34,428,850	\$	18,596,309	\$ 15,832,541
Total Budget	\$	85,750,322	\$	65,276,780	\$ 20,473,541

The majority of the expense variance is associated with grant funded capital projects and is largely driven by Canada Honda Bridge (\$9.4 million). This was due to construction costs that were recognized in the prior fiscal year, leading to a lower-than-expected total in the current fiscal year. In addition, project delays and the timing of work completion and payment processing also contributed to the variance. Key contributors include NCTD Capital and OTP Incentive (\$3 million), UPRR Franchise Access Fee, Capital Access and Incentive (\$2.8 million), Orcutt Crossover (\$2 million), Camarillo Station Improvements (\$1.2 million), Ortega Siding (\$1 million), Leesdale Siding (\$0.4 million), and Goleta Layover Facility (\$0.4 million). These capital project variances were partially offset by the Corridor Hardening Improvement project (\$4.5 million), which is budgeted to begin in the fourth quarter. The \$1.4 million underrun in Net Train Operations is associated with increased ridership resulting from the restoration of pre pandemic service, which contributed to higher-than-budgeted fare revenue. Additionally, Marketing and Contracted Services costs underran due to lower-than-anticipated utilization of services, Administration (Staffing) costs underran due to the timing of the Orange County Transportation Authority invoice payments and staff vacancies, while Minor Capital costs underran due to delays in the procurement of contractors. The minor capital projects have begun and the variance will disappear in the fourth quarter.

For detailed information on specific project and expense variances, please refer to Attachment A.

The LOSSAN Agency bylaws also 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 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. The report is provided as Attachment C.

Summary

Through the third quarter of fiscal year 2025–26, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency’s actual revenues and expenses were below budget. The majority of the variance is attributable to project delays and the timing of work completion and invoice processing across several programs and capital projects. Due to monthly advance payments, a portion of these timing-related underruns was offset by higher-than-budgeted State Operating Assistance revenue. Increased ridership associated with the restoration of the eleventh, twelfth, and thirteenth round trips contributed to lower than anticipated Net Train Operations expenses.

Attachments

- A. Quarterly Budget Status Report, Third Quarter of Fiscal Year 2025-26
- B. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Third Quarter Financial Activity Report, Fiscal Year 2025-26
- C. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Open Agreements Listing as of March 31, 2026

Approved by:



Russ Henry
Program Manager, Financial Planning and Analysis/Project Controls
(714) 560-5990