




**October 14, 2025**

**To:** Members of the Executive Committee

**From:** Jason Jewell, Managing Director 

**Subject:** Annual Business Plan and Budget Assumptions for Fiscal Years 2026-27 and 2027-28

### **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 1 of each year. The Business Plan provides the basis for the Agency's annual budget request and outlines any proposed changes to the Pacific Surfliner service. A list of key assumptions used in developing the Business Plan and budget for fiscal years 2026-27 and 2027-28 are presented.

### **Recommendation**

Direct staff to incorporate the key assumptions into the development of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Annual Business Plan for fiscal years 2026-27 and 2027-28.

### **Background**

Per 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, as well as the LOSSAN Joint Powers Agreement, the Agency must develop an annual business plan (ABP) to be approved by the Board of Directors (Board). The ABP must be submitted to the Secretary of the California State Transportation Agency (CalSTA) by April 1 of each year, and CalSTA is required to review and approve it by September 1. The ABP is a two-year planning, operations, and budget document that serves as the Agency's formal plan and funding request to CalSTA. It must be consistent with the most recently adopted State Rail Plan and the California High-Speed Rail Authority business plan.

The ABP is required to include a performance report for the Pacific Surfliner passenger rail service; an overall operating plan with proposed service

enhancements to increase ridership and accommodate travel demand; a marketing plan; short-term and long-term capital improvement programs; 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 operational changes necessary to provide the service, including operating plans to serve peak-period trips and consideration of future service expansions and enhancements.

In addition, the ABP must clearly delineate how funding and accounting for state-sponsored intercity passenger rail service will be maintained separately from locally sponsored services in the rail corridor. Proposals to expand or modify passenger services must be accompanied by estimated costs, as well as revenue and ridership projections. The ABP also establishes fares, operating strategies, and other initiatives designed to meet performance standards established in the ITA.

### ***Discussion***

The LOSSAN Agency's FY 2025-26 and 2026-27 Annual Business Plan was focused on efforts to fully restore passenger service in a cost effective and efficient manner. The ABP for FY 2026-27 and 2027-28 will build on those efforts and enhance Pacific Surfliner service in the following areas:

- Improving customer information and rider experience
- Integrating with transportation partners and corridor destinations and improving regional connectivity
- Maintaining a sustainable fare structure and advancing innovative fare products and platforms, including demand pricing
- Supporting strong performance, ensuring fleet capacity and reliability and growing ridership

Draft budget projections will also be included in the ABP as a placeholder and may be revised and resubmitted for final approval by June 30, 2025, contingent on the receipt of an operating forecast from Amtrak. The operating forecast is expected to be received from Amtrak by May 15, 2025. In preparing these estimates, LOSSAN Agency staff will also coordinate with the California Department of Transportation Division of Rail and the other two California Joint Powers Authorities on operating forecast assumptions.

The following key assumptions are proposed to be incorporated into the FY 2026-27 and 2027-28 ABP:

- Additional service or capacity for holidays and special events, including planning for LA28 Olympics.
- Ridership and revenue proportionate to the proposed service levels.
- Annual marketing budget consistent with planned level of service and state funding availability.
- An ongoing capital improvement program that uses existing funding sources while identifying new ones.
- 18 full-time staff positions consistent with the current staffing levels.
- A performance-based merit increase and special award pool for administrative employees consistent with the Orange County Transportation Authority budget proposal for FY 2026-27. These percentages are unknown at this point.
- Continued coordination with Metrolink and the North County Transit District on the existing Rail 2 Rail Programs.

#### **Next Steps**

The Executive Committee's comments plus comments received at the Technical Advisory Committee (TAC) meeting on October 2, 2025, will be incorporated into the draft assumptions and included in the Board of Director's October 20, 2025, meeting for review and comments. Staff will then prepare the draft ABP and budget for FY 2026-27 and 2027-28 using these assumptions. The draft chapters will be provided to the TAC for review and comment in November 2025. A redline version that incorporates TAC feedback, as appropriate, will be returned to the TAC before the document is presented to the Board for initial review and approval in February 2026.

#### **Summary**

Staff has developed key assumptions for use in the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency budget and business plan for Fiscal Years 2026-27 and 2027-28. Staff will finalize the draft business plan and budget and submit to the Board of Directors for initial review and approval in February 2026.

#### **Attachment**

None.