



February 17, 2026

To: Members of the Board of Directors

From: Jason Jewell, Managing Director 

Subject: Approval of Expanded Service Pilot Funding Agreement, Discounted Fare Table, and Amendment to the Amtrak Operating Agreement

Overview

At the November 2025 meeting, the Board of Directors directed staff to prioritize Pacific Surfliner service expansion, including the sixth roundtrip to Goleta and the third roundtrip to San Luis Obispo, as the preferred pathway to provide additional intercity rail service to meet peak-period travel needs in Ventura County and Santa Barbara County. Consistent with that direction, staff has worked with the Santa Barbara County Association of Governments and the Ventura County Transportation Commission to develop a 12-month Expanded Service Pilot that would implement one additional daily Pacific Surfliner roundtrip originating in Los Angeles and operating through Ventura County and Santa Barbara County to San Luis Obispo. This staff report requests Board approval to authorize execution of a cooperative funding agreement with the Santa Barbara County Association of Governments and the Ventura County Transportation Commission, approval of a discounted fare table associated with the pilot, and authorization to amend the existing operating agreement with Amtrak to support implementation of the expanded service.

Recommendations

- A. Authorize the Managing Director to negotiate and execute a Cooperative Funding Agreement with the Santa Barbara County Association of Governments and the Ventura County Transportation Commission to implement a 12-month pilot for expanded Pacific Surfliner service.
- B. Authorize the Managing Director to negotiate and execute Amendment No. 1 to Agreement L-25-0016 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and Amtrak to increase the maximum obligation by \$1,430,740, for Federal Fiscal Year 2025–26 to support implementation of the Expanded Service Pilot.

- C. Authorize the proposed discounted 10-Ride Ticket and Monthly Pass fares for station pairs between Simi Valley and Goleta, as reflected in Attachment A and subsidized under the Cooperative Funding Agreement, for the 12-month Expanded Service Pilot.

Background

The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency’s (Agency) fiscal year (FY) 2026–27 Annual Business Plan includes plans to expand Pacific Surfliner service north of Los Angeles following restoration of pre-COVID service levels south of Los Angeles. This expansion includes a sixth daily roundtrip to Goleta and a third daily roundtrip to San Luis Obispo, which together address long-standing peak-period travel demand in Ventura County and Santa Barbara County while improving connectivity across the full corridor.

At the request of Santa Barbara County Association of Governments (SBCAG) and the Ventura County Transportation Commission (VCTC), staff explored options to implement peak-period service earlier than programmed in the Annual Business Plan. In November 2025, the Board of Directors (Board) provided direction to prioritize Pacific Surfliner service expansion as the preferred pathway, rather than pursuing a subcontracted rail alternative with Metrolink in order to preserve LOSSAN Agency long-term service expansion plans and maximize the State’s investment in corridor infrastructure. In addition, the equipment needed to support the service became available and the timing to execute a separate agreement with Union Pacific Railroad (UPRR) to subcontract service was not certain.

Following that action, staff worked with SBCAG and VCTC to develop a 12-month pilot that advances the planned Pacific Surfliner expansion while sharing financial responsibility for the portion of the service that directly benefits the two counties.

Discussion

Since the Board’s November 2025 direction to advance Pacific Surfliner service expansion, staff has completed the coordination and analysis necessary to implement the proposed 12-month Expanded Service Pilot and bring the associated agreements, fare actions, and operating authority forward for Board consideration.

Expanded Service Pilot

The Expanded Service Pilot consists of operating one additional Pacific Surfliner roundtrip for a 12-month period. The service would provide peak-period travel originating in Los Angeles and operating through Ventura County and Santa Barbara County, with continued service to San Luis Obispo. This integrated

service approach ensures efficient use of train slots and equipment while aligning with LOSSAN Agency's existing Pacific Surfliner service model.

The total annual operating cost for the Los Angeles-to-Goleta segment of the service is estimated at \$4,476,480, on a fixed-cost basis. SBCAG and VCTC have agreed to jointly contribute \$2,219,240 toward these costs, inclusive of a fixed-fare subsidy estimate to maintain discounted multi-ride and monthly pass products within the region, with the remaining costs for this segment expected to be covered through projected fare revenue. Continuation of the expanded service to San Luis Obispo would be funded by projected fare revenue and existing LOSSAN Agency operating surplus/cost savings. The current estimated net cost to LOSSAN is \$800,000. Staff intends to monitor the performance, revenue and expenses throughout the term of the pilot and manage any financial concerns as needed.

In addition, implementation of the Expanded Service Pilot directly advances the intent of the Transit and Intercity Rail Capital Program (TIRCP) State grant investments made along the corridor. Through a Board-approved Passenger Rail Cooperative Agreement with UPRR, the LOSSAN Agency secured two additional intercity train slots to support expanded Pacific Surfliner service north of Los Angeles. TIRCP funding has been used, and continues to be used, to support capital improvements, capitalized maintenance, and on-time performance incentives associated with that agreement. Operating the additional roundtrip as part of this 12-month pilot utilizes the train slots enabled by these State-funded investments and advances the intercity service outcomes envisioned under the TIRCP program.

The cooperative funding agreement establishes clear roles and responsibilities, advance semi-annual payment terms, performance reporting requirements, and a defined maximum obligation for SBCAG and VCTC. The agreement is structured as a 12-month pilot to allow the agencies to evaluate ridership, financial performance, and long-term funding options before considering continuation of the service.

Fare Discounts and Revenue Impacts

In 2018, SBCAG entered into an agreement to subsidize certain multi-ride and monthly pass fares for station pairs primarily benefiting the Santa Barbara County region. That subsidy agreement ended in early 2020, at which time the affected fares should have reverted to Board-approved levels. Due to an internal oversight, those fares were not reverted in Amtrak's system, resulting in the continued sale of discounted fares without an active subsidy agreement.

As staff prepared the Expanded Service Pilot and coordinated funding responsibilities with the Santa Barbara County Association of Governments and the

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Ventura County Transportation Commission, this issue was identified and evaluated. Because continuation of the discounted fares would now be intentional and policy-driven, staff is bringing this matter forward to the Board to ensure transparency, establish clear authorization, and align the fare structure with Board-approved actions.

To provide appropriate context, staff evaluated the revenue impacts associated with these fare discrepancies on an annualized basis. When combining both multi-ride passes and monthly pass products, the continued sale of discounted fares has resulted in an estimated annual revenue impact of approximately \$130,000, based on average annual sales volumes of approximately 2,200 discounted passes across both fare product types.

As part of the Expanded Service Pilot, SBCAG and VCTC have requested that these discounted fares remain in place. Because continuation of the discounted fares would now be intentional, staff is recommending establishment of a formal annual fare subsidy to hold the LOSSAN Agency financially harmless during the pilot period.

In developing the recommended fare subsidy amount, staff applied a conservative demand adjustment. Corridor ridership remains approximately 19 percent below pre-pandemic levels, and a uniform 20 percent demand adjustment was applied to account for potential ridership recovery over the term of the agreement. Because the fare subsidy is structured as a flat-fee contribution, this adjustment provides a prudent buffer to limit exposure to unanticipated revenue impacts should pass usage increase during the pilot period.

In addition, as part of the Expanded Service Pilot, staff is recommending an extension of the discounted multi-ride and monthly pass fare structure to six station pairs within the Ventura County region that were not included in the prior subsidy agreement. Extending the discounted fares to these additional station pairs ensures consistency and equity across the SBCAG and VCTC service area during the pilot period.

Combined, the demand-adjusted annual fare subsidy required to continue discounted fares for existing station pairs and extend the fare structure to additional Ventura County station pairs during the Expanded Service Pilot is approximately \$157,000. Under the proposed Cooperative Funding Agreement, SBCAG and VCTC would jointly fund this amount as a fixed-fee contribution.

To prevent a recurrence of this issue, the LOSSAN Agency will implement an annual review of all fare products and fare types to verify consistency with Board-approved fare tables. Amtrak has also agreed to perform a corresponding annual review to confirm that fares in its system align with the fare information provided by the LOSSAN Agency.

In parallel, LOSSAN staff are working with Amtrak to identify any other fare products that may be inconsistent with Board-approved fares and will return to the Board with recommended updates as part of a broader fare policy and fare structure update. That future item will also provide an overview of the current fare structure, upcoming changes associated with replacement of Amtrak's legacy reservation system, opportunities for enhanced fare product flexibility across State-supported routes, the status of the previously discussed demand-pricing pilot, and the potential need for a comprehensive fare study to support long-term financial sustainability of the Pacific Surfliner service.

State Coordination

The proposed pilot and funding structure has been shared with the California Department of Transportation and the California State Transportation Agency. The State has confirmed its approval to allow the LOSSAN Agency to proceed with implementation of the pilot using local contributions, fare revenue, and existing LOSSAN Agency funds, without additional State operating support during the pilot period.

Amtrak Agreement Amendment

Implementation of the Expanded Service Pilot requires an amendment to the existing operating agreement with Amtrak. Amendment No. 1 to Agreement L-25-0016 would increase the maximum obligation by \$1,430,740, to reflect the incremental operating costs associated with the additional roundtrip during FFY 2025–26. The remaining funds needed to operate the expanded service will be added to the FFY 2026–27 operating agreement with Amtrak when that agreement is executed. All other terms of the agreement would remain unchanged.

Fiscal Impact

Approval of the recommended actions would authorize execution of a cooperative funding agreement providing \$2,062,240 in fixed-fee operating contributions and \$157,000 in annual fare subsidy contributions from the SBCAG and the VCTC to support implementation of the Expanded Service Pilot.

In addition, the LOSSAN Agency anticipates using approximately \$800,000 of net operating surplus/cost savings to support continuation of the expanded service to San Luis Obispo during the pilot period. These funding sources, together with projected fare revenue, are expected to fully offset the operating costs associated with the 12-month Expanded Service Pilot. No additional State operating funds are required for the pilot period.

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The expanded service pilot could be implemented as soon as the April/May 2026 timeframe pending Board authorization and the execution of funding agreement.

Summary

Approval of the recommended actions will allow the LOSSAN Agency to implement a 12-month Expanded Service Pilot consistent with prior Board direction to advance Pacific Surfliner service expansion to Goleta and San Luis Obispo. The proposed agreements establish a defined funding structure with SBCAG and VCTC, authorize continuation and expansion of discounted fare products during the pilot period, and provide the necessary authority to amend the Amtrak operating agreement to support the additional service. Together, these actions position the LOSSAN Agency to implement the pilot in a financially contained manner while evaluating ridership, performance, and longer-term service and funding considerations.

Attachment

- A. Proposed Discounted Fare Tables