



May 18, 2026

To: Members of the Board of Directors

From: Jason Jewell, Managing Director 

Subject: Amendment No. 2 to Cooperative Agreement No. L-4-0019 with San Luis Obispo Council of Governments for Fare Subsidy Program

Overview

On May 1, 2025, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency entered into Cooperative Agreement No. L-4-0019 with the San Luis Obispo Council of Governments to implement a subsidized fare program for Pacific Surfliner service between San Luis Obispo, Grover Beach, and Guadalupe. The program was developed to provide an affordable transportation alternative during the closure of U.S. Highway 101 in the San Luis Obispo region.

The original agreement established a one-year term through April 30, 2026, with a not-to-exceed amount of \$15,000. Amendment No. 1 was subsequently executed administratively to increase the maximum obligation to \$40,000 and extend the term through June 30, 2026.

Staff is now seeking Board of Directors' approval for Amendment No. 2 to increase the total contract value to \$140,000 and extend the agreement through June 30, 2028.

Recommendation

- A. Authorize the Managing Director to execute Amendment No. 2 to Cooperative Agreement No. L-4-0019 between the LOSSAN Rail Corridor Agency and the San Luis Obispo Council of Governments to increase the contract authority by \$100,000, for a total not-to-exceed amount of \$140,000 and extend the term through June 30, 2028.

- B. Approve the discounted fare table associated with the fare subsidy program, as reflected in Attachment A, for the term of the agreement through June 30, 2028.

Background

The Pacific Surfliner provides intercity passenger rail service through the Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor, including service to communities in northern San Luis Obispo County such as San Luis Obispo, Grover Beach, and Guadalupe.

In 2025, extended closures and ongoing construction activity along U.S. Highway 101 in this region significantly impacted travel between these communities, limiting roadway capacity and increasing travel times. To help address these impacts and provide an alternative transportation option, LOSSAN partnered with San Luis Obispo Council of Governments (SLOCOG) to implement a fare subsidy program for Pacific Surfliner passengers traveling between these station pairs.

Under the agreement, SLOCOG subsidizes 75 percent of the approved fare, reducing the cost of travel for passengers and encouraging use of the train as a reliable alternative during the highway disruption.

The program was initially structured as a short-term initiative with a limited funding commitment, with the understanding that adjustments could be made based on program performance and continued transportation needs.

Discussion

Since implementation, the fare subsidy program has experienced higher-than-anticipated demand, exceeded initial funding assumptions, and demonstrated continued need for the service. Amendment No. 1 addressed this demand in the near term by increasing the maximum obligation and extending the agreement through June 30, 2026.

Amendment No. 2 is necessary to ensure continuity of the program as transportation impacts associated with U.S. Highway 101 construction are expected to continue.

The proposed amendment will:

- Increase the maximum cumulative payment obligation from \$40,000 to \$140,000
- Extend the term of the agreement from June 30, 2026, through June 30, 2028
- Provide flexibility for the parties to adjust the subsidy percentage upon mutual written agreement, if needed, to support effective program administration

Approval of Amendment No. 2 is being brought to the Board of Directors at this time as the total contract value will exceed \$100,000, which requires Board authorization under LOSSAN's procurement and contracting policies.

The discounted fare table is being presented for Board approval to formally establish the fare structure associated with the program for the duration of the agreement term.

Fiscal Impact

Amendment No. 2 will increase the contract authority by \$100,000, bringing the total not-to-exceed amount to \$140,000 over the term of the agreement.

The original agreement was approved for \$15,000, and Amendment No. 1 increased the total authorization to \$40,000.

Funding for this agreement is provided by SLOCOG through reimbursement of subsidized fares. There is no net financial impact to LOSSAN beyond administrative oversight.

Summary

The fare subsidy program with SLOCOG was implemented to support mobility in northern San Luis Obispo County during disruptions to U.S. Highway 101. Due to higher-than-anticipated demand and ongoing transportation impacts, additional funding and an extended term are necessary to continue the program.

Staff recommends that the Board of Directors authorize the Managing Director to execute Amendment No. 2 to Cooperative Agreement No. L-4-0019 to increase the contract authority to \$140,000 and extend the agreement through June 30, 2028.

Attachment

- A. Discounted Fare Tables

Approved by:



Kristopher Ryan
Chief Finance Officer
(714)560-5409