




**March 18, 2024**

**To:** Members of the Board of Directors  
**From:** Jason Jewell, Managing Director   
**Subject:** Fiscal Year 2023-24 Second Quarter Budget Status Report

### **Overview**

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's Fiscal Year 2023-24 budget was approved by the Board of Directors on March 20, 2023. The California State Transportation Agency approved the Fiscal Year 2023-24 budget and funding on September 13, 2023. This report summarizes financial activities and performance through the second quarter of fiscal year 2023-24, covering the months of July through December 2023.

### **Recommendation**

Receive and file as an information item.

### **Background**

On March 20, 2023, 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) 2023-24 and FY 2024-25 (Business Plan), as well as the FY 2023-24 budget. Included in both the adopted budget and the Business Plan is funding for FY 2023-24 administrative and marketing services, in the amount of \$9,383,378 and \$53,641,496, for net train operations (including \$40,000 for the continuation of the transit transfer program), \$833,000 for minor capital projects, and \$58,540,420 for grant programs bringing the total adopted budget to \$122,398,294. The adopted budget for operations was based on preliminary cost estimates available at the time of adoption and assumed 85 percent of pre-pandemic operating service levels.

### **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 second quarter of FY 2023-24 totaled \$42,132,478, whereas actual revenues totaled \$30,918,534. This results in year-to-date (YTD) revenues under-running the budget by \$11,213,943.

The variance is largely due to delays in Other State Funding, attributed to the timing of invoicing and receipt of operating grants and reimbursements

TABLE 1: REVENUES	FY 2023-24 Working Budget Year-To-Date	FY 2023-24 Actuals Year-To-Date	\$ Variance Year-To-Date
State Administrative Funding	\$ 3,891,689	\$ 1,604,877	\$ (2,286,812)
State Marketing Funding	\$ 1,600,000	\$ -	\$ (1,600,000)
State Operating Funding	\$ 26,820,748	\$ 28,304,577	\$ 1,483,829
Other State Funding	\$ 9,800,041	\$ 79,102	\$ (9,720,938)
State Capital Funding	\$ -	\$ -	\$ -
Interest Revenue	\$ -	\$ 929,978	\$ 929,978
<b>Total Revenues</b>	<b>\$ 42,132,478</b>	<b>\$ 30,918,534</b>	<b>\$ (11,213,943)</b>

from the state. In addition, State administrative funding is currently \$2,286,812 below budget, and State marketing funding is \$1,600,000 below budget, due to delays in the state funding request process. We expect to receive the first-half state administrative payment and the full state marketing payment during the third quarter of FY23-24.

The budget versus actual variances is further detailed in Attachment A.

Expenses

As shown in Table 2, budgeted expenses through the second quarter of FY 2023-24 totaled \$58,703,499, whereas actual expenses totaled \$12,584,922, resulting in year-to-date expenses under-running the budget by \$46,118,577.

The majority of the expense variance is linked to grant programs, stemming from delays in project invoicing and completion. This is further compounded by necessary design and environmental work that must be completed before construction can begin on UP capital improvement projects. The primary reason for variance in net train operating expenses is related to the delay in finalizing the operating agreement with Amtrak, which has postponed payments from October to the present. Details on this and the other areas experiencing budget variances can be found in Attachment A.

The LOSSAN Agency bylaws 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.

TABLE 2: EXPENSES			
Administrative Budget Line	FY 2023-24	FY 2023-24	\$ Variance
	Working Budget	Actuals	
	Year-To-Date	Year-To-Date	Year-To-Date
Administration - Staffing	\$ 2,196,193	\$ 254,669	\$ 1,941,524
Legal Services	\$ 25,000	\$ 13,343	\$ 11,657
Travel	\$ 28,900	\$ 11,647	\$ 17,253
Marketing	\$ 803,482	\$ 607,555	\$ 195,927
Insurance	\$ 60,000	\$ 1,000	\$ 59,000
Contracted services	\$ 346,467	\$ 6,573	\$ 339,894
Dues & Memberships	\$ -	\$ 499	\$ (499)
Banking Services	\$ -	\$ 1	\$ (1)
<b>Total Admin Services</b>	<b>\$ 3,460,041</b>	<b>\$ 895,286</b>	<b>\$ 2,564,755</b>
<b>Operating/Capital Budget Line</b>			
<b>Items</b>			
Net Train Operating Expenses	\$ 26,820,748	\$ 10,210,063	\$ 16,610,685
Minor Projects	\$ 250,000	\$ 93,185	\$ 156,815
Grant Programs	\$ 28,172,710	\$ 1,383,195	\$ 26,789,515
<b>Total Budget</b>	<b>\$ 58,703,499</b>	<b>\$ 12,584,922</b>	<b>\$ 46,118,577</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 second quarter of Fiscal Year 2023-24, the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency’s actual revenues and expenses are below budget. Most of the revenue and expense variance is due to timing of invoicing, receipt of administrative funds from the state, and project interruptions.

**Attachments**

- A. Quarterly Budget Status Report, Second Quarter of Fiscal Year 2023-24
- B. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Second Quarter Financial Activity Report, Fiscal Year 2023-24
- C. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency, Open Agreements Listing as of December 30, 2023

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