




**March 18, 2024**

**To:** Members of the Board of Directors

**From:** Jason Jewell, Managing Director 

**Subject:** Final Approval of the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Business Plan Submittal for Fiscal Years 2024-25 and 2025-26

### **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 1st of each year that provides the basis for its annual budget request, outlines operations and service goals, and discusses any proposed changes to the Pacific Surfliner intercity passenger rail service. Staff has prepared a draft of the annual business plan for fiscal years 2024-25 and 2025-26 for the Board of Directors' review.

### **Recommendation**

- A. Adopt the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency business plan for fiscal years 2024-25 and 2025-26.
- B. Direct staff to submit the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency business plan for fiscal years 2024-25 and 2025-26 to the Secretary of the California State Transportation Agency by April 1, 2024.
- C. Direct staff to return to the Board of Directors in June 2024, as needed, with an updated business plan that includes any revised budget assumptions consistent with the revenue and expense estimates provided by Amtrak for federal fiscal year 2024-25.
- D. Authorize the Managing Director to approve total advertising expenditures to exceed \$100,000 in Fiscal Year 2024-25 with Facebook and Google for digital ad placements.

### ***Background***

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

The elements of the ABP are prescribed by the ITA and include: a report on performance of the Pacific Surfliner intercity passenger rail service; an overall operating plan, including proposed service enhancements to increase ridership and accommodate travel demand; a marketing plan; a short-term and long-term capital improvement program; 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 service changes, including operating plans to serve peak-period trips and consideration of other service expansions and enhancements.

In addition, the ABP must clearly delineate how funding and accounting for state-sponsored intercity passenger rail service will be separate from locally sponsored services in the rail corridor. Proposals to expand or modify passenger services must identify all associated cost estimates, revenue, and ridership projections. The ABP also establishes, among other things: fares, operating strategies, and other initiatives designed to meet performance standards established in the ITA.

A draft budget is included as part of the ABP but it can be revised and resubmitted for final approval by June 30, following receipt of annual operating revenue and expense estimates from Amtrak for federal FY 2024-25. The operating revenue and expense estimates are typically received from Amtrak after the April 1, 2024, deadline for submitting the ABP. CalSTA allows for this adjustment to the budget to provide sufficient time for the LOSSAN Agency to update the budget following the receipt of annual operating expense and revenue estimates from Amtrak.

***Discussion***

On October 16, 2023, the LOSSAN Agency Board reviewed a list of key assumptions for the LOSSAN Agency ABP for FY 2024-25 and 2025-26 and directed staff to incorporate those assumptions into the draft of the ABP. A draft was then prepared using the Board-approved assumptions. Also considered was direction from CalSTA, specifically as it relates to the development of the new chapter on coastal resiliency and environmental sustainability and the incorporation of cost saving measures.

On January 23, 2024, the draft chapters were forwarded to the Technical Advisory Committee (TAC) for review and comment. Written comments and suggested edits were received from the TAC and incorporated into the draft ABP. A redline version of the draft, indicating the edits that addressed the input provided, was redistributed to the TAC on February 13, 2023, giving the TAC an opportunity for a final review and to ensure their input was accurately reflected in the revised draft.

On February 19, 2024, staff presented the draft business plan to the Board for review and comment. Some additional edits specific to funding sources that could impact coastal resiliency in chapter 5, as well as the overall environmental sustainability/coastal resiliency discussion in chapter 15 were requested as part of the Board discussion. Staff worked with representatives from Director Katrina Foley's office to expand these, specifically as it relates to some of the ongoing efforts to address erosion and sand replenishment. These edits are provided in redline format for easy identification.

The LOSSAN Agency bylaws authorize the Managing Director to make disbursements of funds up to \$100,000 each, or as otherwise directed by Governing Board resolution. The LOSSAN Agency places digital advertisements with Google and Facebook on a monthly basis, and while individual monthly payments are under \$100,000 each, the cumulative payments made in a given fiscal year will likely exceed \$100,000. Moving forward, the LOSSAN Agency will include authorization for the Managing Director to approve total advertising expenditures to exceed \$100,000 for Google and Facebook on an annual basis with the approval of the annual fiscal year budget.

**Next Steps**

LOSSAN Agency staff will transmit the business plan for FY 2024-25 and FY 2025-26 to CalSTA by the April 1, 2024 deadline. Staff from CalSTA and Caltrans will then review the business plan and provide a business plan approval letter to the LOSSAN Agency.

***Summary***

Consistent with the requirements of the interagency transfer agreement and the joint powers agreement, staff has developed the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Business Plan for Fiscal Years 2024-25 and 2025-26. The final business plan will be submitted to the Secretary of the California State Transportation Agency by April 1, 2024.

***Attachment***

- A. LOSSAN Rail Corridor Agency Business Plan, FY 2024-25 / 2025-26

**Prepared by:**

A handwritten signature in black ink, appearing to read "Roger M. Lopez", with a long horizontal line extending to the right.

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