



# THE LOSSAN RAIL CORRIDOR: ADVANCING THE CORRIDOR'S CAPITAL INVESTMENT PRIORITIES

## EXECUTIVE SUMMARY

The Senate LOSSAN Corridor Resiliency Subcommittee asked the Office of Research (SOR) to analyze challenges faced by the Los Angeles–San Diego–San Luis Obispo (LOSSAN) rail corridor in securing funding to deliver critical capital investments in the corridor. In conducting this analysis, SOR gathered insights from stakeholders, including two of the corridor's passenger rail operators, both metropolitan planning agencies, and officials at the California State Transportation Agency (CalSTA) (see Appendix A). Additionally, we requested project and funding data from county agencies in the corridor<sup>1</sup> and reviewed numerous background materials, including state and regional planning documents, operators' budgets, and strategic plans (see Appendix B).

The 351-mile corridor is a crucial component of California's comprehensive multimodal transportation system, as outlined in the California Transportation Plan 2050 (CTP 2050). The 2018 State Rail Plan envisions an efficient rail network connecting populous communities throughout the state, prioritizing reliability and seamless integration with local systems to optimize travel for both passengers and operators. Regional transportation plans (RTPs) developed by the corridor's two large metropolitan planning organizations (MPOs)—the Southern California Association of Governments (SCAG) and the San Diego Association of Governments (SANDAG)—then identify and prioritize funding for projects to implement the state plans.

The resources needed to implement this long-term vision are substantial, including \$10 billion for the Metrolink-sponsored Southern California Optimized Rail Expansion

(SCORE) program and at least \$7.2 billion for various improvements in the San Diego segment of the corridor. The LOSSAN Rail Corridor Agency's annual business plan identifies a capital investment shortfall of more than \$5 billion based on available information, although agency staff acknowledge the estimate is conservative given that many projects are in the early planning stages.

Closing the funding gap will require substantial new revenue. Since 2016, the state has provided about \$3.2 billion through various grant programs, but its capacity for future investment in the corridor is constrained by finite available revenue for rail and the need to maintain statewide geographic equity in the allocation of funds. Historically, several counties served by the LOSSAN corridor also have made significant capital investments, both through federal grants and local measure funds. However, in recent years, at least some of these agencies have primarily used local funds for operations.

The 2021 federal Infrastructure Investment and Jobs Act (IIJA) offers a historic opportunity for new federal investment in passenger rail with up to \$20 billion in discretionary grants available through federal fiscal year (FY) 2025. LOSSAN can compete for a share of these funds, likely to be awarded in multiple tranches through FY 2025. However, the corridor's effectiveness in securing these funds will likely depend to a significant degree on its development of a comprehensive, strategic, capital investment plan.

State and local officials interviewed for this analysis acknowledge that the LOSSAN corridor would benefit from a robust capital investment plan that prioritizes investments and documents project performance benefits. Historically, however, development of such a plan has faced significant challenges. In 2021, the LOSSAN agency released a Corridor Optimization Study intended as a strategic framework for service expansion over the next decade. The study provides clear recommendations regarding investment prioritization and sequencing tied to specific state, regional, and operator service goals. The study seems intended as the basis for developing a strategic capital improvement plan for the corridor. However, as multiple officials acknowledged in interviews, the agency lacks either the authority or significant incentives to ensure its recommendations are prioritized by other stakeholders.

SOR's analysis suggests that at least part of the challenge in developing a unified vision and a clear, coordinated capital improvement plan for the LOSSAN corridor may lie in its complex and overlapping governance structure. The corridor's two major planning agencies—SCAG and SANDAG—function very differently from each other, and their various internal stakeholders have different priorities, responsibilities, and constituencies.

Our analysis of the budgets and current strategic plans of the corridor’s passenger operators and a review of the agencies’ histories suggests that some of their goals and priorities differ significantly and may not align with one another. For instance, Metrolink’s budget relies heavily on operating subsidies from multiple member agencies and its strategic plan prioritizes increased financial independence, driven by growth in regional non-commute ridership. In contrast, the LOSSAN agency relies almost exclusively on the state for funding and prioritizes growth and expansion of intercity service and ridership.

Based on interviews conducted for this analysis, many corridor stakeholders appear to have significant interest in advancing projects to address critical corridor needs and clearly have coordinated on various issues. According to both Metrolink and LOSSAN agency staff, their top executives communicate regularly—particularly on operational and performance matters. LOSSAN’s Technical Advisory Committee (TAC) also provides a regular monthly forum for discussion of various operational and performance issues affecting the corridor. However, to this point, the corridor has been unable to achieve broad stakeholder buy-in for a comprehensive, corridor-wide capital improvement plan of prioritized investments.

In seeking to address this challenge, state and local policymakers may wish to consider various options, including adoption of a policy framework, similar to that developed by the Northeast Corridor Commission, to promote a common long-range vision for the corridor and encourage collaboration, accountability, and transparency among stakeholders. Additional options to consider include an increased state role in regional corridor planning and capital development and changes to the corridor’s governance structure.

## **BACKGROUND**

Spanning 351 miles, LOSSAN is the second busiest passenger rail corridor in the country, with approximately 8.3 million passenger trips in 2019, the last full year pre-COVID pandemic. In addition, the corridor supports more than \$1 billion in annual freight volume, transported by two Class 1 Freight operators—Union Pacific and Burlington Northern-Santa Fe—and serves multiple ports of national significance, including those in Los Angeles, Long Beach, San Diego, and Port Hueneme. The U.S. Department of Defense also has designated a section of LOSSAN as part of the Strategic Rail Corridor Network.

The corridor is a key element of the state’s vision for a comprehensive multimodal transportation system, as outlined in CTP 2050, the state’s long-range transportation

plan. CTP 2050 envisions a transportation system that provides California residents with “convenient and reliable access to jobs, education, health care, services and more” and provides an “integrated multimodal network” of “safe, affordable mobility options” that “reduce vehicle travel and greenhouse gas emissions.” It seeks to develop a system “resilient to natural hazards” that “ensures protection of invaluable natural and cultural resources and can “power the expansion and diversification of California’s world-class economy.”<sup>2</sup>

The 2018 State Rail Plan, one of five modal plans developed by the California Department of Transportation (Caltrans), further develops this vision of an efficient network of rail services supporting both regional and interregional travel needs. It calls for a system that connects the state’s most populous communities; provides travel times and frequency competitive with air and auto travel; and integrates with local and regional systems to support seamless, convenient rail travel across the state. The plan envisions development of a pulse-scheduling framework where trains operate on regular and repeating schedules throughout the day, ensuring predictability and reliability. Such a model is intuitive and user-friendly while enabling connecting services to be linked easily, providing optimal efficiency for operators and minimal transfer delay.<sup>3</sup>

MPOs throughout the state, including SCAG and SANDAG in the LOSSAN corridor, use these state and modal plans as blueprints for development of RTPs that identify and prioritize projects for funding.

## **SUBSTANTIAL FINANCIAL NEED**

According to SCAG and SANDAG, the two regional transportation agencies covering most of the corridor, the scale of capital investment needed to implement the state’s vision is immense. Although estimates are fluid, state officials suggest the cost of investments proposed by agencies in the corridor could easily exceed \$20 billion.

According to SCAG, the core of the region’s LOSSAN investment plan is the Metrolink-sponsored SCORE program, a \$10 billion package of investments<sup>4</sup> that is about 18 percent funded, mostly with federal and state grants.<sup>5</sup> When fully implemented, SCORE is expected to dramatically improve corridor performance and increase ridership, eventually enabling 15- to 30-minute service frequencies on most lines,<sup>6</sup> according to Connect SoCal 2020, SCAG’s regional transportation plan. A central element of the program, the Link Union Station project, will ‘transform Los Angeles Union Station from a ‘stub end’ or dead-end station to a ‘run-through’ station,’ dramatically reducing rail travel times and expanding one-seat ride opportunities,

according to the plan. In addition to SCORE, the SCAG plan also acknowledges the need to address significant climate impacts to rail infrastructure, including those from “inundation, landslides, flooding, high winds, intense waves, storm surge accelerated coastal erosion, and change in construction material durability.”<sup>7</sup>

SANDAG’s 2021 regional plan identifies the need to spend at least \$7.2 billion on the San Diego County segment of the corridor to address capacity constraints on the critical Interstate 5 North Coast Corridor and to mitigate current and anticipated future climate impacts.<sup>8</sup> The investments include double tracking the remainder of the corridor, replacing various bridges, adding stations, and making grade separations. The plan also identifies the need to complete the proposed Del Mar Tunnel by 2035 to mitigate impacts of beach erosion and the Miramar Tunnel by 2050 to improve corridor performance and reliability.<sup>9</sup> According to data furnished by SANDAG, the San Diego region has dedicated more than \$1.8 billion in federal, state, and local resources to LOSSAN corridor improvements since 2007, including more than \$1.25 billion for current active projects.

Beyond these two regions, investment also is needed to address capacity and climate issues on the northern end of the corridor, which is privately owned by Union Pacific. According to the LOSSAN agency’s business plan, the agency is implementing a safety improvement program, including projects to address tree removal, homeless encampments, and improved crossings and pedestrian access. Additionally, the agency is replacing many miles of track and old railroad ties to enhance operations and reliability of passenger service. However, the plan also identifies more than \$130 million in unfunded need for grade separations and bridge rehabilitation in this area.

## FUNDING CONSTRAINTS

A key challenge facing the corridor is a lack of sufficient resources to address its capital investment needs and implement the vision of a high-performing, multimodal corridor. While the LOSSAN agency’s business plan notes that member agencies have made significant capital improvements to enhance safety, capacity, and operational efficiency, it observes that “more than half of the rail corridor remains single track, (which) will continue to hinder the expansion of service and overall efficiency.”<sup>10</sup> It estimates the unfunded capital need for the corridor at more than \$5 billion for various station, signal, and communications improvements; capacity upgrades; and other capital projects.<sup>11</sup> However, agency officials acknowledge that because many projects are in the early stages of development, this estimate is conservative, and the total need likely is much greater.

According to the LOSSAN agency’s business plan, “the lack of a long-term sustainable capital funding source” has been a significant obstacle to growth of intercity passenger rail service in California.<sup>12</sup> Similarly, SCAG’s SoCal Connect 2020 identifies “the lack of dedicated funding streams (as) a major barrier to expanding rail infrastructure in (its) region.”<sup>13</sup>

Although state investment in passenger rail historically has been limited, the Legislature created the Transit and Intercity Rail Capital Program (TIRCP) in 2014 to fund transformative capital improvements for intercity, commuter, and urban rail corridors and for public transit systems.<sup>14</sup> While TIRCP initially was funded exclusively from the state’s Greenhouse Gas Reduction Fund, the program now also receives at least \$250 million annually from SB 1 (Beall), Chapter 5, Statutes of 2017, and has received multiple General Fund budget appropriations. SB 1 also establishes the State Rail Assistance Program, which has allocated approximately \$240 million among 11 commuter and intercity operators since 2018 for capital and operating needs. In addition, many passenger and freight rail infrastructure projects are eligible for SB 1 competitive grants, including through the Trade Corridor Enhancement Program and the Solutions for Congested Corridors Program.

Since 2016, the state has funded approximately \$3.2 billion in LOSSAN corridor investments through grants to various local agency partners. While the corridor is likely to secure additional resources in future grant cycles, the state’s capacity to fund LOSSAN projects is limited by budgetary constraints, competition from other rail and transit agencies, and its goal of maintaining geographic equity in its competitive programs.

Various agencies in the corridor also have secured federal grant funds for LOSSAN projects, and several of the counties have invested local revenue, including sales tax measure funds. The Orange County Transportation Authority (OCTA) furnished data showing total investment in the corridor of nearly \$2.3 billion since 1980, including more than \$1.1 billion in local resources (for capital and operations) and \$734 million from federal grants.<sup>15</sup> In recent years, the county’s annual contribution to Metrolink’s operations (approximately \$50 million) has represented its largest local funding investment. SANDAG reports having spent \$1.8 billion in the corridor since 2007, including more than \$730 million from the county’s tax measure (TransNet) and other local sources. This includes nearly \$200 million local investment in active LOSSAN projects, leveraging more than \$1 billion in federal and state grants.<sup>16</sup> Project and funding information was requested from LA Metro but was not received before publication of this report. According to Metrolink budget data, LA Metro’s FY 2022–23 operations subsidy was approximately \$118 million.<sup>17</sup>

Since approval of the first local measure by Santa Clara County voters in 1984, counties increasingly have used the tool to supplement federal and state funds and support local priority projects. Today, 25 California counties have voter-enacted local measures to fund various priorities. Last year, these measures collectively generated an estimated \$6.5 billion annually statewide,<sup>18</sup> more than produced by SB 1. As noted above, several LOSSAN jurisdictions have relied on the use of local sales tax revenue to fund projects in the corridor, which, at least in theory, could provide a tool for additional local investment. This could involve drawing on existing measures (to the extent the LOSSAN project would be eligible) or additional taxes.

As a practical matter, however, some of the features of local tax measures may discourage use of this tool by some agencies to fund large multi-jurisdictional corridor investments such as LOSSAN. These include the requirement that measure funds be raised and spent within the counties that enact them and the practice of defining the projects (or at least types of investments) for which the funds can be used.

While the main purpose of these provisions is to give voters confidence regarding how their taxes are used and assurance of direct benefit in local communities,<sup>19</sup> they can create implementation challenges for agencies. Because a county can fund improvements only within its jurisdiction and only to the extent that the investments are eligible, developing local match programs for large, multi-jurisdictional projects can be challenging. Moreover, because each county is accountable to its own constituencies, it may be reluctant to commit local tax resources to a project over which it has limited control.

In addition, the fact that measures have different start and expiration dates, based on when and for how long they are approved, can create challenges in aligning funding and priorities, especially for projects that affect multiple jurisdictions. Finally, county governments have many priorities, which in most cases far exceed available resources. For some, projects such as LOSSAN that primarily support long-distance interregional travel may appear to provide less direct benefit to their constituents.

## **A HISTORIC OPPORTUNITY FOR FEDERAL ASSISTANCE**

Historically, federal investment in passenger rail has been limited—focused mostly on direct funding for Amtrak. In fact, the inclusion of \$10 billion for intercity passenger and freight rail grants in the 2015 Fixing America’s Surface Transportation Act marked the first time that Congress had included such a program in a multimodal transportation reauthorization bill. IIJA offers a landmark opportunity for states throughout the country to invest in passenger and freight rail.



IIJA guarantees at least \$66 billion for passenger and freight rail programs over five years (through FY 2026) with additional funding possible based on annual appropriations. This includes at least \$44 billion to be awarded through multiple discretionary grant programs. Of that, at least \$24 billion is earmarked for projects in the Northeast Corridor, the nation’s busiest rail corridor with nearly 600,000 daily passenger trips on nearly 2,000 daily intercity and commuter trains as of December 2022. However, as much as \$20 billion will be available for award to state and local entities and other eligible applicants throughout the country, including LOSSAN corridor applicants and the state’s other intercity and commuter rail systems. The funds are expected to be awarded in multiple tranches with FY 2023 applications under review by the Federal Railroad Administration (FRA).

Positioning LOSSAN to compete successfully for these funds will necessitate significant preparation and coordination among partners. According to FRA training materials, a strong application should show clear and measurable project benefits, including “effects on system and service performance . . . safety, competitiveness, reliability, trip time, and resilience.” In addition, given the expected high demand and limited available resources, effective coordination among partners in the corridor to prioritize the most competitive projects and minimize internal competition would seem a prudent strategy. However, based on interviews with various stakeholders, this is an area where the LOSSAN corridor has struggled.

## **NEED FOR ROBUST STRATEGIC PLAN**

State and local officials interviewed for this analysis acknowledged that the LOSSAN corridor could benefit from a robust capital investment plan that would prioritize investments and document measureable performance benefits of proposed projects. Such a plan could improve competitiveness of federal grant applications by demonstrating both the incremental benefits of proposed projects and a coordinated strategy to deliver long-term performance improvement. The LOSSAN agency’s annual business plan includes a chapter on capital improvements; however, while it compiles a list of all projects proposed by agencies in the corridor identifying project sponsor, status, and funding, it does not address project prioritization or sequencing.

The agency’s Rail Corridor Optimization Study, released in December 2021, seems intended to serve as the basis of a prioritized capital improvement plan (CIP). Prepared by an engineering consultant with expertise in international rail operations, the study outlines a strategic framework for service expansion based on the state plan’s “pulse scheduling” model. It lays out short-, mid- and long-term planning scenarios



and “provides clear recommendations on investment prioritization to implement state, regional and operator-specific service goals in an integrated manner.”<sup>20</sup>

According to agency officials, the impetus for the Rail Corridor Optimization Study emerged from discussions in the LOSSAN agency’s TAC. Since its release, the study has been used to coordinate schedule changes among several of the passenger and freight operators in the corridor with further adjustments expected. However, the second level of optimization—infrastructure investments—has been slower to progress. While the study is based on projects proposed by operators and county agencies and included in regional plans, every LOSSAN member agency is responsible for management of its own CIP. While the LOSSAN board includes representation from most of the corridor’s member agencies, it owns no assets in the corridor and has a very small capital budget. Thus, its ability to influence corridor-wide project prioritization and implementation decisions is extremely limited.

## GOVERNANCE CHALLENGES

SOR’s analysis suggests that at least one significant challenge to the development and implementation of a robust capital investment program for the LOSSAN corridor may lie in the corridor’s complex local and regional governance structure. At the regional level, the corridor’s two large MPOs—SCAG and SANDAG—have contrasting organizational structures and play substantially different roles and responsibilities in project identification prioritization and development. On the one hand, SANDAG serves as the consolidated transportation agency for San Diego County. Under legislation enacted in 2002,<sup>21</sup> it is responsible for planning, programming, project development, and construction of all highway, transit, and rail investments for the county. In addition, as a single-county MPO with both planning and programming authority, SANDAG can act relatively efficiently to align projects with the needs and priorities identified in its RTP and to support those using Transnet funds.

In contrast, within its six-county jurisdiction, which comprises the heart of the LOSSAN corridor, SCAG serves primarily as a planning agency. Unlike SANDAG, it has no authority to construct or operate transportation systems and facilities. Instead, statutorily created county transportation commissions are responsible for programming decisions. Local officials describe SCAG’s primary function as a convening entity, responsible for bringing regional stakeholders together and assembling an overall transportation plan for the region that reflects all six counties’ needs and priorities.

In addition, officials emphasize its critical role in identifying and elevating key priorities, such as the Integrated Passenger and Freight Rail Forecast Study released in

2022. According to staff, the document evaluates future freight and passenger rail needs based on projected volumes and agency capital improvement plans and will serve as a building block in developing the upcoming SoCal Connect 2024 regional plan. Ultimately, however, several officials acknowledged the limits of the MPO's influence—within the plan, what is prioritized and built is what local agencies are willing to fund.

At the local level, the division of the corridor's assets and right-of-way among seven owners, including five public agencies and two private freight railroads,<sup>22</sup> also makes project prioritization challenging because each member agency is responsible for implementing its own CIP. Moreover, the fact that many investments affect multiple stakeholders—both owners and operators—adds further complexity to project development, funding, and grant solicitation efforts.

One factor that potentially inhibits coordination among corridor stakeholders may be found by examining the different organizational structures, strategic goals, and key constituencies served by its three passenger operators.

Metrolink provides regional rail service across five counties in the Los Angeles region, operating a network of 538 route miles, including a 158-mile segment of the LOSSAN corridor from Ventura County to Oceanside. The carrier is operated by the Southern California Regional Rail Authority (SCRRA),<sup>23</sup> a five-county joint powers authority (JPA) formed in 1990 to establish a regional commuter rail system.<sup>24</sup>

The JPA agreement's provisions give each member agency significant influence, appearing to significantly shape its operation. At the time of SCRRA's formation, member agencies acquired the existing rail network and assets, and although Metrolink is responsible for maintenance and safe operation of the railroad and facilities,<sup>25</sup> each member retains title and ownership of the assets within its jurisdiction.

SCRRA's annual budget process also clearly shapes the agency's operation and capital investment strategy, ensuring a focus on near-term, parochial needs of the member agencies. On the revenue side, the budget includes significant annual subsidies to support operations, maintenance, and some capital investment. Allocation of these subsidies is determined by a JPA-approved formula that considers factors including, but not limited to, the share of train miles, route miles, and ridership within each agency's jurisdiction.

In each annual budget, Metrolink must justify its operating program, including both service design and capital investment, and because the budget requires unanimous approval of the member agencies, it has a strong incentive to ensure a level of service

commensurate with each agency's share of the operating subsidy. Moreover, because both the capital and operations budgets are effectively zero-based, commitment to a significant multiyear capital improvement program is challenging. Local officials observed that the SCORE program, which was seeded with an \$875 million TIRCP grant and is funded almost exclusively with federal and state grants, constitutes the vast majority of SCRRA's long-term CIP.

As Metrolink's 2021 Strategic Business Plan illustrates, the JPA's key strategic priorities include regional ridership growth and a focus on developing financial independence. Acknowledging that the COVID-19 pandemic transformed its ridership models, the plan describes an evolution from the agency's long-standing commute focus to that of a regional rail agency with broader full-day coverage and increased prioritization of reverse-commute service. This shift is driven by revenue demands as the agency seeks greater financial stability and independence from its member agencies, as well as an effort to address regional equity concerns.

The plan emphasizes the agency's commitment to partnering with regional stakeholders. However, it only briefly addresses interregional concerns, noting that the Pacific Surfliner shares some Metrolink corridors and referencing that Amtrak riders can access Metrolink trains through the Rail2Rail program. The plan clearly highlights that Metrolink's top priorities include growth in ridership and associated revenue, expansion of service within its members' jurisdictions, and infrastructure development to support and advance those objectives.

The Coaster also is a commuter rail service, operated by the North County Transit District (NCTD) and linking Oceanside to downtown San Diego on a 41-mile segment of LOSSAN. However, because of San Diego's consolidated transportation agency structure, it does not appear to face the same level of administrative complexity as Metrolink, at least with regard to capital development. The district, which is governed by a nine-member board, including representatives from each city in its service area, operates both rail and bus service throughout the north county.<sup>26</sup> However, its responsibilities are limited to operations since planning, development, and construction of future capital improvements for NCTD and the San Diego Metropolitan Transit System are consolidated under SANDAG.

In contrast to the commuter services, the Amtrak Pacific Surfliner, operated by the LOSSAN agency, serves the entire 351-mile corridor. For this reason, the agency has a clear interest in corridor-wide investment. However, its ability to implement transformative improvements appears hamstrung by its organizational structure and the lack of a significant, reliable capital funding source.

Formed in 1989 “to oversee the implementation of additional intercity rail passenger service and necessary track improvements,”<sup>27</sup> the LOSSAN agency is governed by an 11-member JPA board “composed of elected officials representing rail owners, operators and planning agencies along the rail corridor.”<sup>28</sup>

Legislation in 2012<sup>29</sup> authorized the JPA board to assume responsibility for administration of the corridor’s “state supported” service, the Pacific Surfliner, from the state to improve efficiency and performance. Under the 2015 transfer agreement, Caltrans continues to fund operation of the service and owns the locomotives and some rolling stock. Amtrak owns the remaining rolling stock and operates the trains under contract. Staffing and administrative support for the LOSSAN agency also are funded by the state and provided by OCTA staff.<sup>30</sup>

Likely because the transfer was envisioned largely as a way to facilitate local coordination and operation of state-funded intercity rail service, the LOSSAN agency does not appear structured nor resourced to administer a substantial capital program. The statutorily required annual business plan includes information on current and historical performance and an operating plan outlining proposed service improvements to increase ridership and address increased traveler demands. While it is also required to describe the corridor’s short-term and long-term capital improvement needs, it does not prioritize nor articulate an actionable strategy to deliver these improvements.

Notably, the LOSSAN agency’s funding appears to be limited, in part because pursuant to the transfer agreement, JPA members are not obligated to subsidize either its core operating costs, which are understood to be a state responsibility, or capital needs. The agency has secured a few state grants for capital improvements but to date has not applied for a federal grant, primarily because it lacks a fund source to provide the nonfederal match.

Much of the LOSSAN agency’s work is accomplished through its TAC, which is led by its operations manager and composed of JPA member representatives and other stakeholders. According to multiple stakeholders, the TAC functions as a helpful venue for communication regarding both operational issues and capital planning. However, with minimal capital resources of its own, and without the ability to guide prioritization of investments by other agency partners, the LOSSAN agency has limited capacity to lead development of and implementation of a robust capital improvement program.

## OPTIONS FOR CONSIDERATION

As is discussed above, state and local officials acknowledge that the LOSSAN rail corridor could benefit from a more robust capital investment program. While there is broad agreement regarding the corridor's essential role in achieving statewide and regional mobility, economic, and environmental goals, efforts to develop a corridor-wide funding strategy have struggled. To secure significant federal investment from the new IIJA programs and to position California for still greater opportunities in future federal funding cycles, it is important that the corridor identify the most competitive projects—based on program criteria—that demonstrate both incremental benefit and a coordinated strategy for long-term, corridor-wide performance improvement.

Options that state and local decision-makers for the corridor may wish to consider to support the development of a long-term capital investment program include the following:

### **ADOPT A FRAMEWORK TO PROMOTE A COMMON VISION FOR THE CORRIDOR, ENCOURAGING STAKEHOLDER COLLABORATION, TRANSPARENCY, AND ACCOUNTABILITY**

One strategy to advance capital planning and investment for the corridor could be for the partner agencies to adopt a policy framework that promotes a common, long-range vision for the corridor and that facilitates greater collaboration, transparency, and accountability among stakeholders. One model worth exploring is the cost allocation policy (CAP) developed by the Northeast Corridor (NEC) Commission in 2015 “to facilitate collaborative planning and decision-making for the [corridor].”<sup>31</sup>

The policy's introduction explains that “early negotiations to develop the statutory cost allocation formula made clear a formula alone would not unite stakeholders and transform the corridor.” As a result, the commission developed a framework built on three pillars: 1) operator cost sharing; 2) transparency, collaboration, and accountability; and 3) federal partnership. The purpose of the framework is to encourage each operator “to treat the corridor as a unified system and work tougher for its success,” rather than viewing their service as independent.<sup>32</sup>

> **Cost Sharing.** The commission applies a standardized cost allocation model to ensure that each operator covers costs associated with its use of the shared corridor and provides predictable funding streams for basic maintenance.

> *Transparency, Collaboration, and Accountability.* The commission collaborates annually to develop a five-year CIP and compiles reports, based on stakeholder-provided information, to monitor and analyze train performance, operating costs, and capital program delivery. Stakeholder agencies also must produce regular project delivery reports documenting how planned capital investments are progressing and any adjustments to scope, schedule, and budget.<sup>33</sup> Ultimately, the commission also produces an annual report. These procedures ensure stakeholders share data and information with one another and the public.

> *Federal Partnership.* The CAP's third element is essentially a statement by NEC's nonfederal members that the federal government has primary responsibility for restoring NEC's infrastructure to a state of good repair following decades of underinvestment. This element of the policy calls on the federal government to provide consistent, reliable funding for NEC guided by the 80/20 federal-state funding split used by the highway and transit programs.

In considering NEC's CAP as a model, it is important to recognize key differences between NEC and LOSSAN. First, NEC's infrastructure is 100 percent publicly owned, with nearly two-thirds owned directly by Amtrak. In addition, NEC's operating environment is far more complex than LOSSAN's, with eight commuter rail operators in addition to Amtrak collectively operating more than 2,000 passenger trains and carrying 600,000 passengers daily. Not every element of NEC's CAP is likely to be appropriate for LOSSAN. However, its three pillars potentially could offer a useful starting point for the LOSSAN corridor stakeholder community to develop its own framework.

## EXPAND THE STATE'S ROLE

In addition to a framework that supports a unified vision for LOSSAN and strengthens transparency and accountability, expanding the state's role in the corridor's capital planning effort could also yield benefits. A coalition of LOSSAN corridor agencies sent a letter to CalSTA Secretary Toks Omishakin on September 1, asking for the state to "initiate a study of a long-term plan" for the rail corridor in Orange County and north San Diego. It suggests that a state-led study is needed, in part to "ensure continued involvement by a broad coalition of stakeholders."<sup>34</sup>

CalSTA recently announced the reconvening of its LOSSAN corridor working group, established in 2020 to address the stabilization of the Del Mar Bluffs after a critical operational failure. According to CalSTA, the working group will meet quarterly, primarily to facilitate communication and discussion among corridor stakeholders. It

seems that the working group potentially could serve as a forum for the corridor's capital planning efforts.

Another option for increased state involvement would be to establish an office within CalSTA to lead capital planning and prioritization efforts for the corridor. Under federal law, the state already has an important role in the development and financing of intercity service.<sup>35</sup> It previously operated and continues to fund both the Pacific Surfliner and two other Amtrak intercity routes.<sup>36</sup> Moreover, CalSTA already administers key state rail funding programs such as TIRCP and State Rail Assistance. Such an office could enable the state to facilitate development of a corridor-wide CIP and greater coordination and cooperation in development of grant applications.

### **RESTRUCTURE THE LOSSAN AGENCY**

Another strategy for enhancing the corridor's capital development effort would be to restructure the LOSSAN agency, strengthening its capacity to lead such an effort. This would require addressing a few issues, including the appropriate level of staffing necessary to support development and implementation of a substantial corridor-wide CIP. The agency currently has 18 positions provided by OCTA, which may be insufficient to take on the additional workload associated with managing a major capital program involving coordination among numerous partners. Additionally, it makes sense to consider whether such an enhanced agency should be responsible for its own administrative and staffing resources, rather than reliant on one of its several member agency partners for such support.

Such a restructuring would likely require an increase in funding. Historically, the LOSSAN agency has been funded exclusively by the state since its primary responsibility is to manage operation of intercity rail service. However, since much of the corridor's capital investment would benefit both regional and intercity service, consideration of a funding contribution by local member agencies may be appropriate. Moreover, it would be important to consider whether a restructured LOSSAN agency should include additional representation on its governing board, including from Metrolink, the corridor's largest passenger operator. Currently, four of SCRRA's five member agencies sit on the board, but Metrolink itself is not represented, even in an ex-officio capacity.

As background, decades ago, the Legislature enacted SB 457 (Kelley), Chapter 263, Statutes of 1996, which, among other provisions, authorized the transfer of the LOSSAN corridor's intercity rail operations to an expanded the SCRRA (Metrolink) JPA that would have included representation from all county agencies in its existing and



expected future footprint. Following the bill's enactment, stakeholders in 1996 formed the Southern California Intercity Rail Group (SCIRG), which produced a study analyzing the cost benefits of the transfer. However, following several years of meetings, the group determined that most of the cost savings could be achieved without a transfer. The effort ultimately was abandoned, SCIRG was disbanded, and SB 1225 repealed the statute authorizing expansion of SCRRA. Had the transfer occurred, it would have consolidated operation of the state's intercity service with the region's largest commuter rail provider, resulting in a governance model that while still complex, would at least have made a single entity responsible for balancing the needs of commuter, regional rail, and intercity passenger operations.

**Written by Ted Link-Oberstar.** The California Senate Office of Research is a nonpartisan office charged with serving the research needs of the California State Senate and assisting Senate members and committees with the development of effective public policy. The office was established by the Senate Rules Committee in 1969. For more information, please visit [sor.senate.ca.gov](http://sor.senate.ca.gov) or call (916) 651-1500.

## **Appendix A: Stakeholders Interviewed**

- > LOSSAN Rail Corridor Agency (including staff from the Orange County Transportation Authority, the managing agency)
- > Southern California Association of Governments (SCAG)
- > San Diego Association of Governments (SANDAG)
- > Metrolink
- > California State Transportation Agency

*Note: We sought to schedule interviews with representatives of Amtrak and the North County Transit District but were unsuccessful.*

## **Appendix B: Documents Reviewed**

- > [California Transportation Plan 2050](#)
- > [State Rail Plan 2018](#)
- > [Draft State Rail Plan 2023](#) (reviewed for context but not referenced)
- > [Connect SoCal 2020 Regional Plan \(SCAG\)](#)
- > [Connect SoCal 2020 Regional Plan–Passenger Rail Technical Report \(SCAG\)](#)
- > [2021 Regional Plan \(SANDAG\)](#)
- > [LOSSAN agency business plan, fiscal year \(FY\) 2022–23, FY 2023–24](#)
- > [LOSSAN agency optimization report \(2021\)](#)
- > [LOSSAN agency 2023 strategic plan](#) (in July 17, 2023 board agenda packet, p 35.)
- > [LOSSAN agency strategic business plan \(2012\)](#)
- > [LOSSAN agency joint powers agreement \(2013\)](#)
- > [LOSSAN agency joint powers agreement \(2014 amendment\)](#)
- > [LOSSAN agency, interagency transfer agreement \(2018\)](#)
- > [LOSSAN agency, managing agency administrative support agreement \(2018\)](#)
- > [LOSSAN agency board minutes \(May 15, 2023\)](#) discussion of LOSSAN/Metrolink coordination efforts (link in June 19, 2023, agenda packet)
- > [Metrolink strategic business plan 2021](#)
- > [Metrolink annual comprehensive financial report \(June 30, 2022\)](#)
- > [Metrolink FY 2022–23 adopted budget, FY 2024–27 projections](#)
- > [North County Transit District adopted FY 2024 operating budget and FY 2024-28 capital improvement plan](#)
- > [NEC Intercity and Commuter Rail Cost Allocation Policy \(2015, amended 2023\)](#)
- > [NEC Commission capital investment plan \(FY 2023–27\)](#)
- > [Northeast Corridor \(NEC\) Commission annual report FY 2022](#)
- > [Northeast Corridor \(NEC\) Commission annual report FY 2019](#)
- > [Federal Railroad Administration’s High Speed and Intercity Passenger Rail Program, “Mistakes and Lessons Learned,” testimony of NEC Commission Chair Joan McDonald before the House Transportation and Infrastructure Committee, December, 6, 2011](#)
- > [“Future of U.S. Passenger Rail: What’s Next for NEC,” testimony of Jim Redeker, commissioner of the Connecticut Department of Transportation, on behalf of NEC to the U.S. Senate Commerce Committee, April 17, 2013](#)
- > [FY 2022 Federal-State Partnership \(FSP\) for Intercity Passenger Rail Grant Program \(FSP National\) notice of funding opportunity webinar, presentation document](#)
- > [Overview, Highlights and Summary of the Passenger Rail Investment and Improvement Act of 2008](#)

- > [University of California, Berkeley, Institute of Transportation Studies Report, "Local Transportation Sales Taxes: California's Experiment in Transportation Finance," 2005](#)
- > SB 1402 (Presley), Chapter 114, Statutes of 1990, committee and author bill files (California State Archives)
- > SB 457 (Kelley), Chapter 263, Statutes of 1996, legislative file (California State Archives)
- > California Transportation Commission agendas, meeting minutes and board packets (1990–91)

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- <sup>1</sup> Project and funding data was requested from the San Diego Association of Governments, Orange County Transportation Authority, and the Los Angeles County Metropolitan Transportation Authority (LA Metro). As of publication of this report, no data has been received from LA Metro.
- <sup>2</sup> California Transportation Plan 2050, executive summary, p 4.
- <sup>3</sup> 2018 State Rail Plan, p. 107.
- <sup>4</sup> Southern California Optimized Rail Expansion program capital investments include additional track (sidings, double, triple, and quadruple track segments), improved signalization, expanded and lower emission fleets, upgraded and enlarged maintenance facilities, grade crossing treatments and separations, and other safety and capacity increasing initiatives (Connect SoCal 2020, p. 6).
- <sup>5</sup> Metrolink 2022–23 adopted budget, p 115.
- <sup>6</sup> Southern California Association of Governments, Connect SoCal 2020, Passenger Rail Technical Report, p.1.
- <sup>7</sup> Southern California Association of Governments, Connect SoCal 2020, Passenger Rail Technical Report, p.9.
- <sup>8</sup> This estimate includes future planned projects, those under development or construction as of the release of the 2021 plan. Projects completed and opened before 2021 are not included.
- <sup>9</sup> San Diego Forward: 2021 Regional Plan, Appendix, p. A–30–33.
- <sup>10</sup> LOSSAN Rail Corridor Agency Business Plan (fiscal year (FY) 2022–23/FY 2023–24) p. 31.
- <sup>11</sup> *Ibid.*, p. 31.
- <sup>12</sup> *Ibid.*, p. 31.
- <sup>13</sup> Southern California Association of Governments, Connect SoCal Passenger Rail Technical Report, p. 35.
- <sup>14</sup> SB 862 (Committee on Budget), Chapter 36, Statutes of 2014.
- <sup>15</sup> Alexis Leicht, Orange County Transportation Authority, government relations, e-mail, November 20, 2023.
- <sup>16</sup> Hannah Stern, San Diego Association of Governments federal legislation analyst, e-mail, November 29, 2023.
- <sup>17</sup> The Orange County Transportation Agency’s fiscal year (FY) 2022–23 Metrolink subsidy was \$45.9 million for maintenance/operations. The Los Angeles County Metropolitan Transportation Authority’s FY 2022–23 Metrolink subsidy was \$117.9 million for maintenance/operations and \$2.5 million new capital authority per Metrolink’s FY 2022–23 adopted budget, p. 48.
- <sup>18</sup> California Self-Help Counties Coalition.
- <sup>19</sup> Amber Crabbe et al., “Local Transportation Sales Taxes: California’s Experiment in Transportation Finance,” University of California, Berkeley, Institute of Transportation Studies, 2005, p 9.
- <sup>20</sup> LOSSAN Rail Corridor Optimization Study, p 4.
- <sup>21</sup> SB 1703 (Peace), Chapter 743, Statutes of 2002, establishes a consolidated transportation agency for San Diego County, including the San Diego Association of Governments (SANDAG), the county’s two transit systems, the North County Transit District, and the Metropolitan Transit Development Board (now the Metropolitan Transit System). The law consolidates all transportation planning, programming, project development, and construction under SANDAG
- <sup>22</sup> Union Pacific owns the northern half of the corridor (176 miles), while Burlington Northern-Santa Fe owns 21 miles between Los Angeles-Union Station and Fullerton. The Ventura County Transportation Commission, Los Angeles County Metropolitan Transportation Authority, and Orange County Transportation Authority own the remaining right-of-way and assets within their respective geographic boundaries. The San Diego County segments are technically owned by the

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North County Transit District and San Diego Metropolitan Transit System, although San Diego Association of Governments, as the consolidated transportation authority for the county, is responsible for future planning, development, and facility construction.

<sup>23</sup> Southern California Regional Rail Authority member agencies include the Los Angeles County Metropolitan Transportation Authority, Orange County Transportation Authority, Riverside County Transportation Commission, San Bernardino County Transportation Authority, and Ventura County Transportation Commission.

<sup>24</sup> SB 1402 (Presley), Chapter 114, Statutes of 1990, authorizes the creation of the Southern California Regional Rail Authority for the purposes of establishing a regional commuter rail system.

<sup>25</sup> Metrolink annual comprehensive financial report, 2022, p. 53.

<sup>26</sup> In addition, the North County Transit District operates the 22-mile Sprinter rail line connecting Oceanside with Escondido and more than 30 bus routes throughout north San Diego County.

<sup>27</sup> <https://www.octa.net/pdf/LOSSAN2013AmendedJPA.pdf>, p 2.

<sup>28</sup> <https://www.octa.net/about/leadership/lossan-agency/overview/>.

<sup>29</sup> SB 1225 (Padilla), Chapter 802, Statutes of 2012.

<sup>30</sup> The Orange County Transportation Agency serves as managing agency for the LOSSAN agency under terms of a cooperative agreement executed in June 2018. The original term of the agreement was three years with provisions for two three-year extensions by mutual agreement, through June 2027.

<sup>31</sup> Northeast Corridor Commuter and Intercity Rail Cost Allocation Policy, amended June 21, 2023, p.1.

<sup>32</sup> *Ibid.*, p. 2.

<sup>33</sup> *Ibid*, p 37.

<sup>34</sup> Letter to Toks Omishakin, secretary of the California State Transportation Agency, from Darrell Johnson of the Orange County Transportation Authority and other stakeholders, September 1, 2023.

<sup>35</sup> Pursuant to the 2008 Passenger Rail Investment and Improvement Act, states are supposed to develop and maintain a statewide rail plan and are required to provide substantial subsidies to support intrastate Amtrak routes within state borders.

<sup>36</sup> The Capital Corridor, operating between Roseville and San Jose, and the San Joaquins, connecting Sacramento and San Francisco with Bakersfield.