

Memorandum

To: CHAIR AND COMMISSIONERS
CTC Meeting: February 25-26, 2004
Reference No.: 3.12
Information Item

From: ROBERT L. GARCIA
Chief Financial Officer
Prepared by: Warren Weber
Chief
Division of Rail

Ref: INTERCITY RAIL – 2nd QUARTER OPERATIONS REPORT FOR FY 2003-04

SUMMARY

This is the Intercity Rail Operations Report requested by the California Transportation Commission (Commission) for the 2nd Quarter of Fiscal Year (FY) 2003-04. The report provides ridership, farebox ratio, passenger miles per train mile, and on-time performance measures, with descriptive text for each route. At the time this report was prepared, the Department of Transportation (Department) had not received the final quarterly financial information from Amtrak. Therefore, the following includes ridership and on-time performance information for the second quarter (October through December 2003) while the financial information covers the fiscal year's first quarter (July through September 2003).

California provides financial and administrative support for expanded Amtrak intercity rail passenger service on three corridors within the state: the *Pacific Surfliner Route* between San Diego, Los Angeles and San Luis Obispo, the *Capitol Corridor* between the Sacramento region, Oakland and San Jose, and the *San Joaquin Route* to Bakersfield from both Oakland and Sacramento. These routes are, respectively, the second, third, and fifth busiest routes in the entire national Amtrak system. State support for the *Pacific Surfliner* and *San Joaquin* routes is administered by the Department, while support for the third corridor is administered by a separate agency, the Capitol Corridor Joint Powers Authority, using funding provided through the Department.

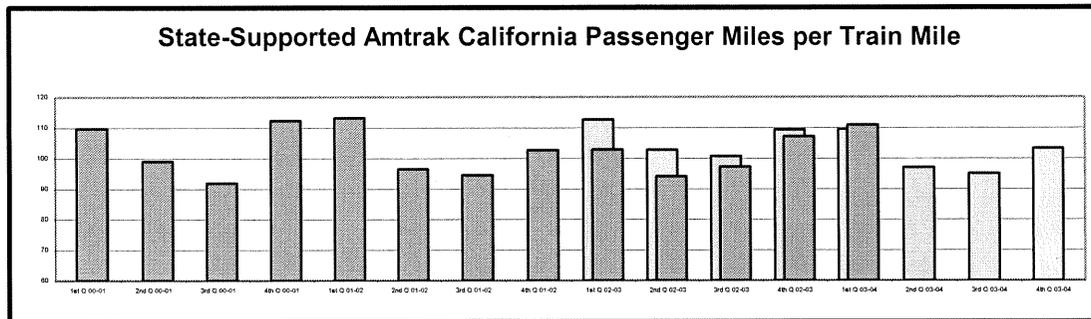
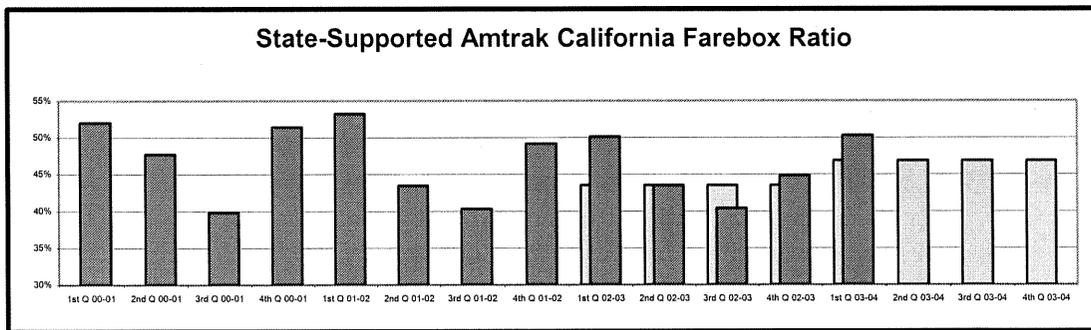
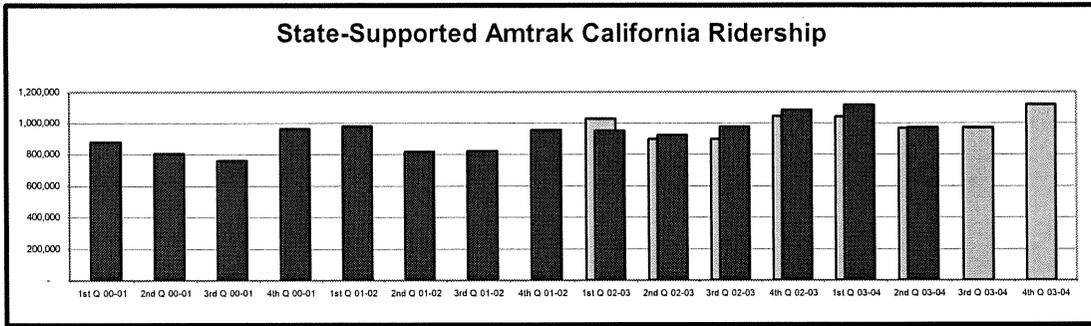
Overall, all three of California's State-supported Amtrak intercity rail passenger services continue to show strong performance. The second quarter of FY 2003-04 State fiscal year proved no exception. Total ridership during the second quarter on the three routes was 5.5 percent higher than the comparable quarter in FY 2002-03. The combined farebox ratio for the 1st quarter (the most recent financial data available) was 50 percent, the same as last fiscal year's 1st quarter.

Passenger Miles per Train Mile (PM/TM), a measure of the average number of passengers on board an individual train at any one time, were 111 PM/TM —7.8 percent above the first quarter of last year's 103 PM/TM, slightly higher than the prior year.

Intercity Rail

2nd Quarter Operations Report for FY 2003-04

The following graphs depict the combined results of the three State-supported rail corridors in California. Specific charts of each route are on the following pages.



Note: Solid Bars reflect actual data; Shaded Bars reflect Business Plan Projection

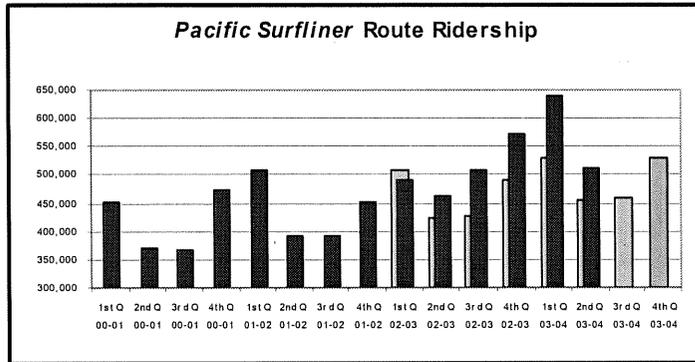
Intercity Rail

2nd Quarter Operations Report for FY 2003-04

Pacific Surfliner Route

There are currently eleven weekday round trips between Los Angeles and San Diego, four of which are through trains between San Diego and Goleta (Santa Barbara). One of the four Santa Barbara round trips continues north to and from San Luis Obispo. On weekends there is a twelfth round trip between San Diego and Los Angeles and a fifth round trip between Los Angeles and Goleta.

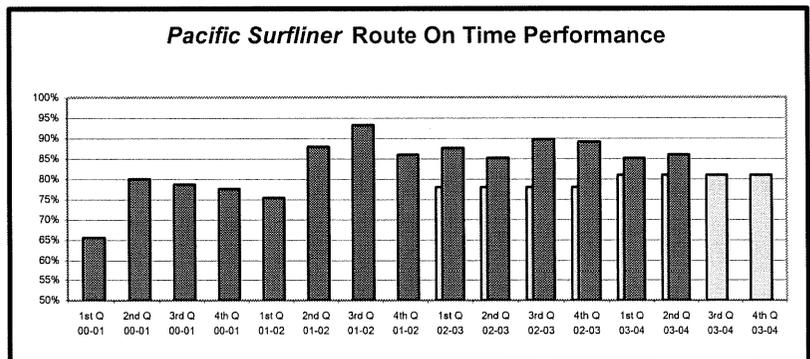
Continuing on the heels of a record 2002-03 fiscal year when more than 2 million passengers rode the service, *Pacific Surfliner* ridership continued its strong growth during the second quarter of FY 2003-04 (October through December). With more than 541,000 passengers, total ridership for the first quarter was 10.5 percent higher than the previous year and exceeded the Business Plan projection for the quarter by 11.8 percent.



The Amtrak and Metrolink “Rail 2 Rail” program, which provides the mutual honoring of tickets for travel on trains of either system continues to help spur ridership increases on both Amtrak and Metrolink services. More than 20,000 passengers per month are taking advantage of this program, demonstrating that the increased convenience of being able to use either of the two systems has made rail travel much more attractive throughout the Los Angeles basin. With the program’s success, the North County Transit District agreed to an expansion of the popular program to its *Coaster* service, operating between Oceanside and San Diego in San Diego County. An April 1, 2004 start date is anticipated for the *Coaster* version of “Rail 2 Rail”.

In addition to the “Rail 2 Rail” program, targeted marketing to seniors and Hispanics is also contributing to the higher ridership and revenue on the corridor. Finally, the expanded weekend service to Santa Barbara (a fifth round trip was added in 2002) is experiencing increased ridership as the public is becoming more aware of the service.

On-time performance for the second quarter climbed to 86 percent. For the second quarter in a row, the level remains significantly above the Business Plan projection of 81 percent.



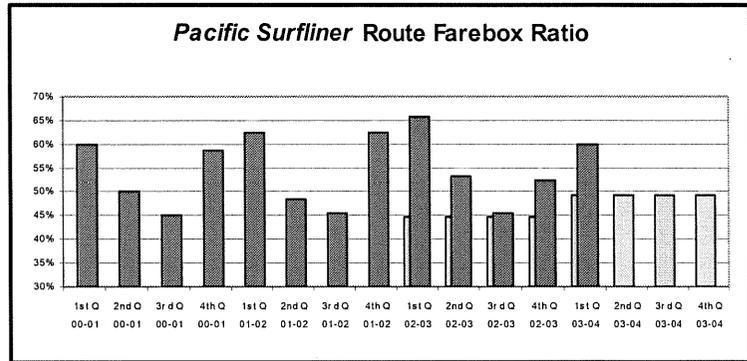
Intercity Rail

2nd Quarter Operations Report for FY 2003-04

Pacific Surfliner Route (continued)

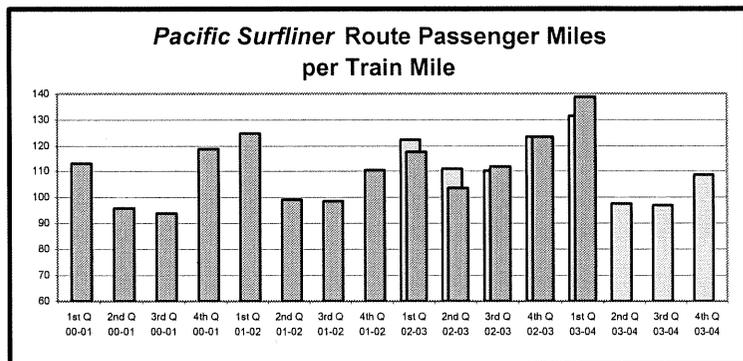
At the time the report was prepared, the Department had not received the final second quarter financial information from Amtrak. The following financial information covers the fiscal year's first quarter (July through September 2003). First quarter *Pacific Surfliner* revenues increased 12.3 percent compared to the same quarter the previous year. Expenses also grew 23.4 percent during the same period due to fuel cost, insurance, wreck damage repair and seasonal marketing cost. Although expenses were up, they were still

less than the business plan projection by 15 percent. 1st quarter farebox recovery was 60 percent, compared to the 66 percent recovery achieved in the first quarter of the FY 2002-03.



less than the business plan projection by 15 percent. 1st quarter farebox recovery was 60 percent, compared to the 66 percent recovery achieved in the first quarter of the FY 2002-03.

First quarter PM/TM jumped by 21 percent from 118 passenger miles per train miles to 139 PM/TM or 18.8 percent. The growth in this indicator is less than the 25.4 percent growth in first quarter ridership indicating that additional passengers, on average, are taking shorter distance trips. This is, at least in part, an effect of the "Rail-2-Rail" program that brings short-distance Metrolink riders onto the Amtrak trains.



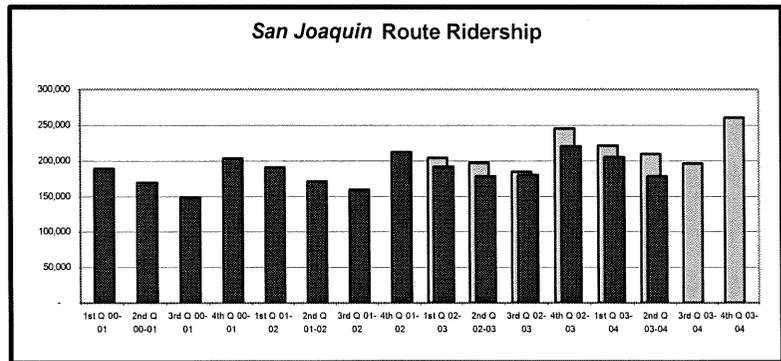
Intercity Rail

2nd Quarter Operations Report for FY 2003-04

San Joaquin Route

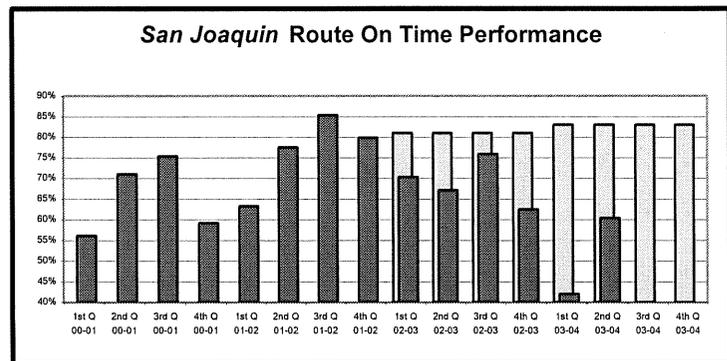
There are currently six daily train round trips serving the *San Joaquin Route*, four operating between Bakersfield and Oakland/San Francisco and two operating between Bakersfield and Sacramento. All six round trips have dedicated bus connections to stations throughout Southern California. On the north end, similar buses connect Sacramento with the Oakland trains and San Francisco/Oakland with the Sacramento trains, thus providing six daily arrivals and departures for both northern terminals. Additional connecting buses provide feeder service to communities throughout the north end of the State.

For the second quarter of FY 2003-04 (October through December 2003) *San Joaquin* ridership was essentially the same as the same quarter in the prior fiscal year, recording a ridership increase of less than one percent. The flat ridership left performance nearly 15 percent below the projection in the Business Plan. In addition to the state sponsored connecting buses, the Department is working with local transit agencies along the *San Joaquin* route to provide for “no cost” transfers for *San Joaquin* riders and local transit services.



At 60 percent, the On time performance (OTP) recorded during the second quarter was significantly better than 42 percent OTP experienced during the fiscal year’s first quarter.

Although improved, on-time performance still remains far below the Department’s OTP goal of 81 percent. The Department views the lack of adequate on-time performance as a major impediment to continuing the San Joaquin route’s ridership growth and financial performance. Both the Burlington Northern Santa Fe (BNSF) and the Department (and to the extent they impact San Joaquin Corridor performance, the Union Pacific Railroad (UP)) continue to work together to improve performance. The BNSF replaced several of the region’s operational staff, put more “yard track” back in service in their freight yards to allow more freight trains to be stored off the mainline, increased maintenance activities, and instituted a number of operational changes designed to improve traffic flow. Over time, the Department expects *San Joaquin* Corridor operations report will reflect a significant improvement in the on-time performance.

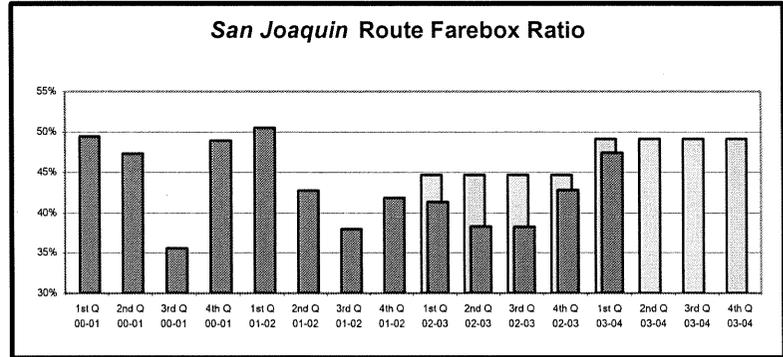


Intercity Rail

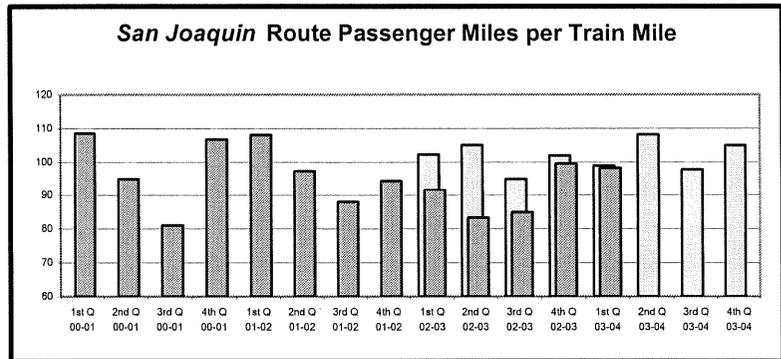
2nd Quarter Operations Report for FY 2003-04

San Joaquin Route (continued)

At the time this report was prepared, the Department had not received the final second quarter financial information from Amtrak. The following financial information covers the fiscal year's first quarter (July through September 2003). The *San Joaquin's* farebox ratio finished the first quarter of FY 2003-04 at 47 percent, up significantly from the 41 percent recovery of the 1st quarter of FY 2002-03. The first quarter's farebox is just slightly below the 49 percent farebox recovery projected for the year in the Business Plan. Although revenues were 13.7 percent higher than the comparable quarter of FY 2002-03, they were still 5.2 percent less than Business Plan projections. Although revenues were less than projected, expenses were significantly less than projected allowing for the improved farebox recovery.



The Passenger Miles/Train Mile ratio for the first quarter of the fiscal year is 98 Passenger Miles/Train Mile, up from the PM/TM ratio of 92 during the first quarter of last fiscal year and only slightly below the 99 PM/TM projected in the annual Business Plan.

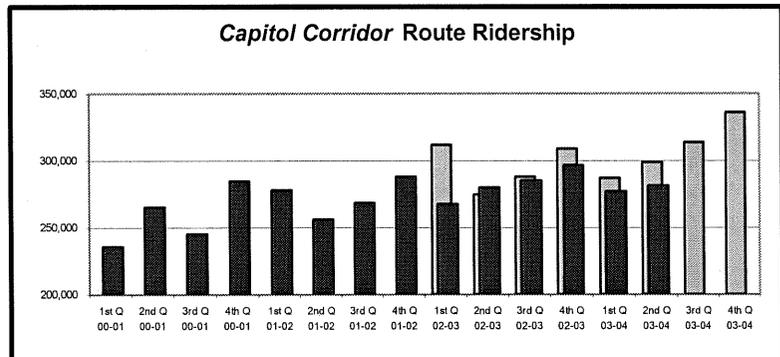


Intercity Rail 2nd Quarter Operations Report for FY 2003-04

Capitol Corridor

There are currently twelve weekday round trips between Oakland and Sacramento, with the twelfth added in April 2003. One round trip each day continues to Auburn, and four round trips extend beyond Oakland to San Jose. On weekends there are nine Oakland-Sacramento round trips, with six round trips extending to San Jose and one to Auburn.

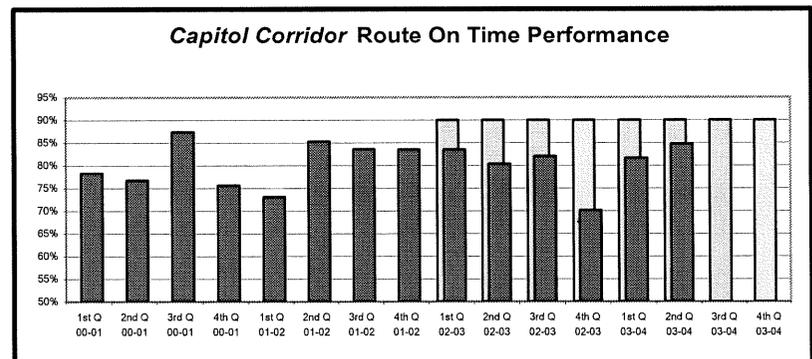
The *Capitol Corridor* continues to post strong ridership setting monthly records in two of the three months of the second quarter of FY 2003-04 (October through December). A slow December, however, blunted the ridership growth leading to a quarter only slightly higher than the same quarter last fiscal year. Total ridership for the second quarter of FY 2003-04 increased 0.5 percent compared to the same quarter the year before, and was 5.8 percent below the quarter's projection in the Business Plan.



Ridership between Placer County and Sacramento and Sacramento / Davis and the Bay Area remains the *Capitol Corridor's* strongest market. Internet bookings now account for nearly 10 percent of all ticket sales and multi-ride tickets continue to account for more than half of all ticket sales.

On time performance climbed to 85 percent marking a continuing improvement from the 70 percent performance in the fourth quarter of the prior fiscal year (April, May, June of 2003).

Although significant strides have been made, the performance remains below the *Capitol Corridor's* goal of 90 percent. Working together, the *Capitol Corridor* Joint Powers Authority and Union Pacific Railroad have adopted a number of measures to address the on-time performance issues. These efforts coupled with the completion of current and scheduled track improvements should reduce interference problems and bring on-time performance up to the goal of 90 percent.



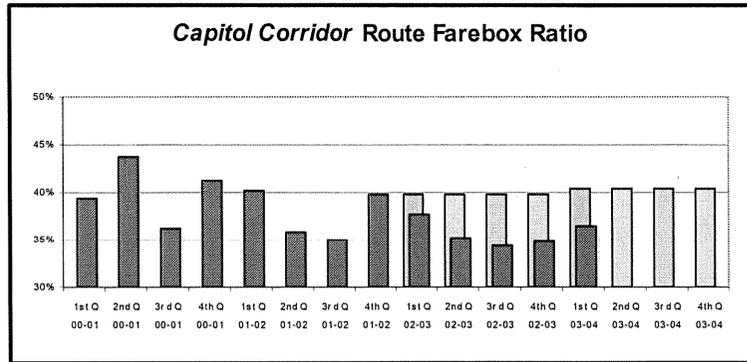
Intercity Rail

2nd Quarter Operations Report for FY 2003-04

Capitol Corridor (continued)

At the time this report was prepared, the Department had not received the final second quarter financial information from Amtrak. The following financial information covers the fiscal year's first quarter (July through September 2003).

Revenues for the first quarter were 7.9 percent above the same quarter in the prior fiscal year. Expenses for the quarter were up 13.3 percent reflecting 12 versus 9 round trips from the addition of three new round trips. Expenses were, however, below Business Plan projections by 12.3 percent reflecting the Capitol Corridor's efforts to control costs.



Reflecting the not unanticipated growth in costs resulting from the addition of three round trip trains, farebox recovery declined slightly during the quarter from 38 to 36 percent. The decline in the farebox ratio was not unanticipated, as new services require some time to build up ridership.

Reflecting the addition of three new round trip trains compared to the first quarter of the prior fiscal year, PM/TM decreased during the first quarter by 10.7 percent. The decline in PM/TM ratio remains less than the 33 percent increase in service levels.

