

Memorandum

To: CHAIR AND MEMBERS
CALIFORNIA TRANSPORTATION COMMISSION

Date: December 11-12, 2013

Reference No.: 3.8
Information Item

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Rail

Subject: **FISCAL YEAR 2013-14 FIRST QUARTER RAIL OPERATIONS REPORT**

SUMMARY:

This is the first quarter Rail Operations Report for Fiscal Year (FY) 2013-14, July through September 2013, as requested by the California Transportation Commission (Commission). The report contains information for each route on ridership, on-time performance and financial results. These results are also compared to the same period for the prior year and to the performance goals. This data allows the performance of the routes to be easily compared.

California provides financial and administrative support for 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 San Jose, Oakland, and the Sacramento region; and the *San Joaquin Route* between Bakersfield and both Oakland and Sacramento. These routes are, respectively, the second, third, and fifth busiest routes in the entire national Amtrak system. The *Pacific Surfliner* and *San Joaquin* routes are administered by the California Department of Transportation (Department), while the *Capitol Corridor* is administered by a separate agency, the Capitol Corridor Joint Powers Authority (CCJPA), using funding provided by the Department.

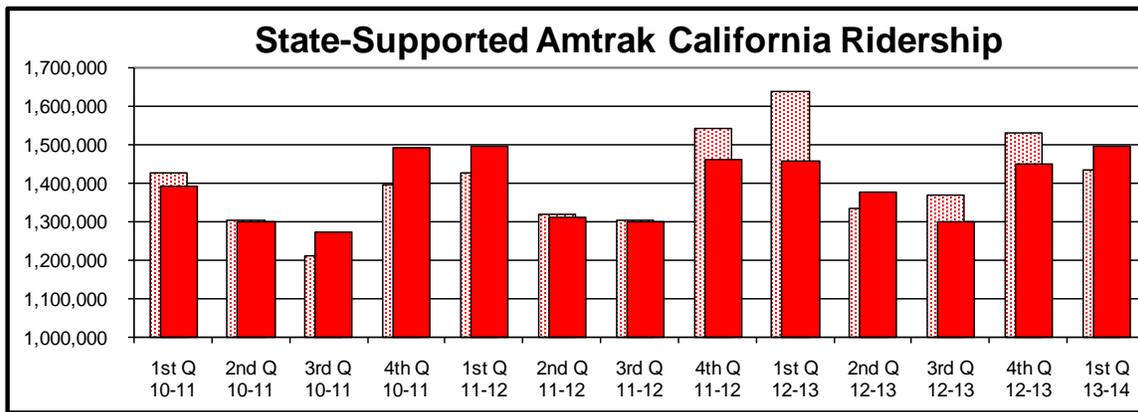
In accordance with the terms of the operating contract between Amtrak and the State, expenses from Federal Fiscal Year (FFY) 2009-10 through FFY 2012-13 have been calculated based on a predetermined fixed dollar amount (with the exception of fuel and host railroad expenses) rather than actual monthly expenses as recorded in Amtrak's accounting system. This form of contract limits the State's exposure to uncertainty. Expenses are calculated in the same manner in the contract between the CCJPA and Amtrak.

The route financial performance goals (revenues, expenses and farebox ratio) in this report are a projection based on the operating contract for each route. Beginning in FFY 2011-12, the actual results that are reported in the quarterly report include: actual revenue, fixed price expenses, and three expenses that are billed as actual expenses. These are fuel cost, railroad performance payments and host railroad access fees. The farebox ratio shown is a ratio of the actual revenue to billed expenses, which include both fixed price and the three categories of actual expenses. This is not a traditional farebox ratio of actual revenues to actual expenses.

First Quarter Results

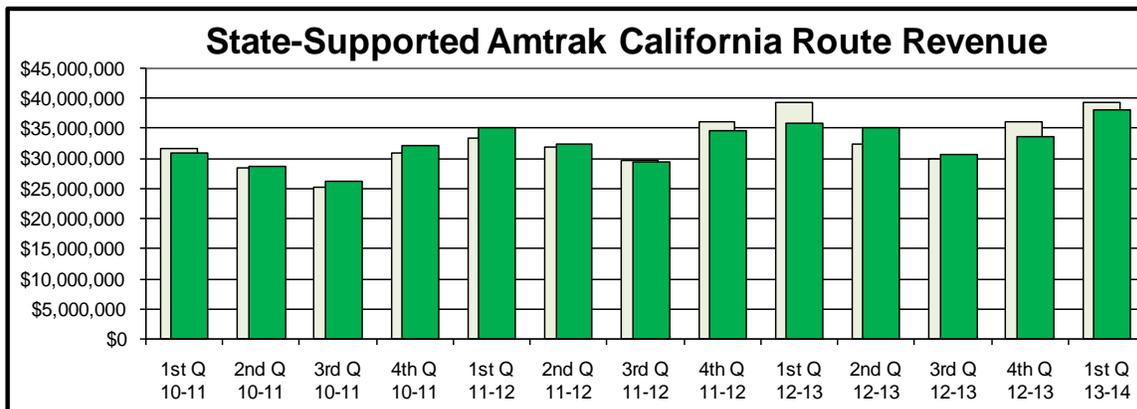
First quarter results for the *San Joaquin Route* were notable, with ridership higher than the same quarter the previous year, with 33 of the last 35 months setting record ridership and setting an all time single month ridership record in July.

Total ridership during the first quarter (July-September 2013) on the three routes was up 2.8 percent, from the comparable quarter in FY 2012-13, and exceeded the combined performance goal by 4.5 percent.



Combined on-time performance (OTP) for the first quarter was 86.6 percent, a 2.6 percentage point improvement over the same quarter in FY 2012-13, and 0.3 percentage points above the combined performance goal. The *Capitol Corridor* exceeded the performance goal with over 95 percent on time operation and the *Pacific Surfliner* and *San Joaquin Route* each were at 80 percent on time.

Overall revenue in the first quarter increased 5.9 percent, but 3.5 percent below the goal. Expenses decreased 0.7 percent compared with the same quarter in the previous year, and were 4.8 percent under the performance goal. The result was that the combined farebox ratio improved 3.9 percentage points, and was 0.9 percentage points above the performance goal.



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

Although this is the first quarter of the state fiscal year 2013-14, the information reported herein represents the results of the fourth quarter of the Federal Fiscal Year 2012-13. Therefore, results do not reflect the new operating contract reflecting the implementation of PRIIA Section 209 that starts with the beginning of FFY 2013-14.

The following table provides further detail on the combined ridership, revenue, expense, farebox ratio and on-time performance for the three State-supported routes for the first quarter FY 2013-14.

State-Supported Amtrak California Services - 1st Quarter 2013-14							
All Routes							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	1st Qtr 13-14	1st Qtr 13-Dec	Difference	Percent Change	1st Qtr 13-14	Actual to Goals	Percent Difference
Ridership	1,497,308	1,457,007	40,301	2.8%	1,432,676	64,632	4.5%
Revenue	\$ 37,961,177	\$ 35,835,119	\$ 2,126,058	5.9%	\$ 39,326,783	\$ (1,365,606)	-3.5%
Expense	\$ 60,976,848	\$ 61,393,903	\$ (417,055)	-0.7%	\$ 64,041,996	\$ (3,065,148)	-4.8%
Farebox Ratio	62.3%	58.4%	3.9 PP		61.4%	0.9 PP	
On-Time Performance	86.6%	84.0%	2.6 PP		86.3%	0.3 PP	

PP - Percentage Points

Route-specific graphs and tables are contained in the following sections.

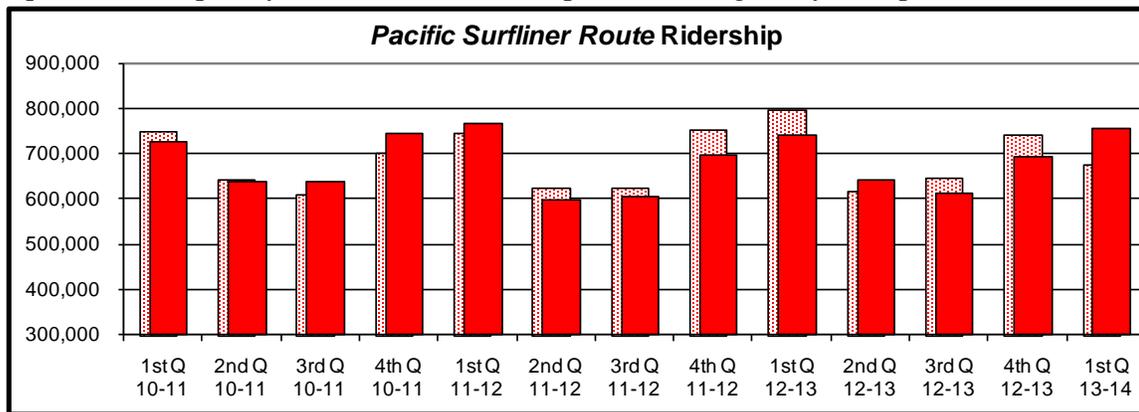
BACKGROUND:

Pacific Surfliner Route

There are currently 11 daily round-trips between Los Angeles and San Diego, four of which are through-trains between San Diego and Goleta (Santa Barbara); one of which continues north to and from San Luis Obispo. A second San Luis Obispo round-trip originates in Los Angeles, turns around in San Luis Obispo and continues south to San Diego, bringing the total level of service north of Los Angeles to five daily round-trips.

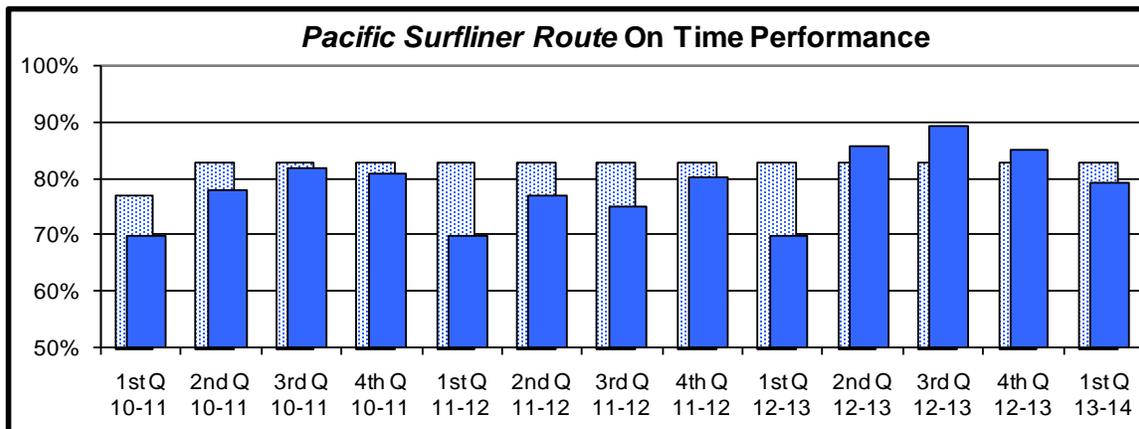
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio, and on-time performance for the quarter.

Ridership on the *Pacific Surfliner Route* increased 2.2 percent in the first quarter compared to the same quarter in the prior year, and exceeded the performance goal by 12.5 percent.

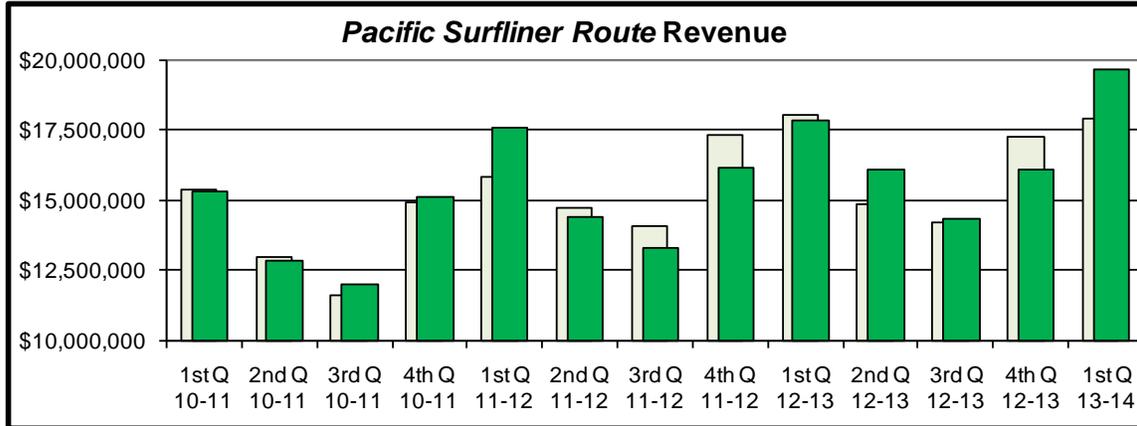


On-time performance (OTP) in the first quarter was 79.1 percent, 9.2 percentage points above the previous year’s first quarter but 3.9 percentage points below the 83 percent performance goal.

For the quarter, between Los Angeles and San Diego, OTP was 76.0 percent, an improvement of 10.0 percentage points from the first quarter of last year. Between Los Angeles and San Luis Obispo, OTP was 84.7 percent, up 3.9 percentage points from one year ago. The summer season is the time of year when many major track rehabilitation and construction projects take place, as evidenced by the lower OTP in this quarter in both 2012 and 2013.



Farebox ratio for the quarter was 72.0 percent, 4.5 percentage points above the farebox ratio over the same period last year, reflecting the increased summer ridership returns. Revenue in the first quarter increased by 10.1 percent compared to the same quarter in the previous year, and exceeded the performance goal by 10.0 percentage points. Expenses increased 3.2 percent over the prior year quarter, and was 1.1 percent below the performance goal.



State-Supported Amtrak California Services - 1st Quarter 2013-14							
Pacific Surfliner Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	1st Qtr 13-14	1st Qtr 12-13	Difference	Percent Change	1st Qtr 13-14	Actual to Goals	Percent Difference
Ridership	757,730	741,372	16,358	2.2%	673,729	84,001	12.5%
Revenue	\$ 19,686,058	\$ 17,876,150	\$ 1,809,908	10.1%	\$ 17,891,167	\$ 1,794,891	10.0%
Expense	\$ 27,337,638	\$ 26,480,947	\$ 856,691	3.2%	\$ 27,631,037	\$ (293,399)	-1.1%
Farebox Ratio	72.0%	67.5%	4.5 PP		64.8%	7.2 PP	
OTP-Route	79.1%	69.9%	9.2 PP		83.0%	-3.9 PP	
OTP-North	84.7%	80.8%	3.9 PP				
OTP-South	76.0%	66.0%	10.0 PP				

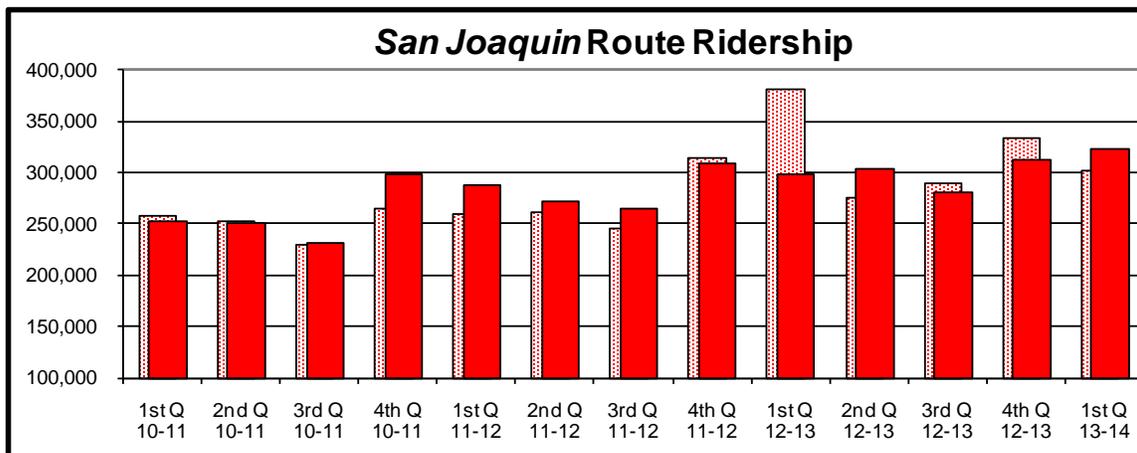
PP - Percentage Points

San Joaquin Route

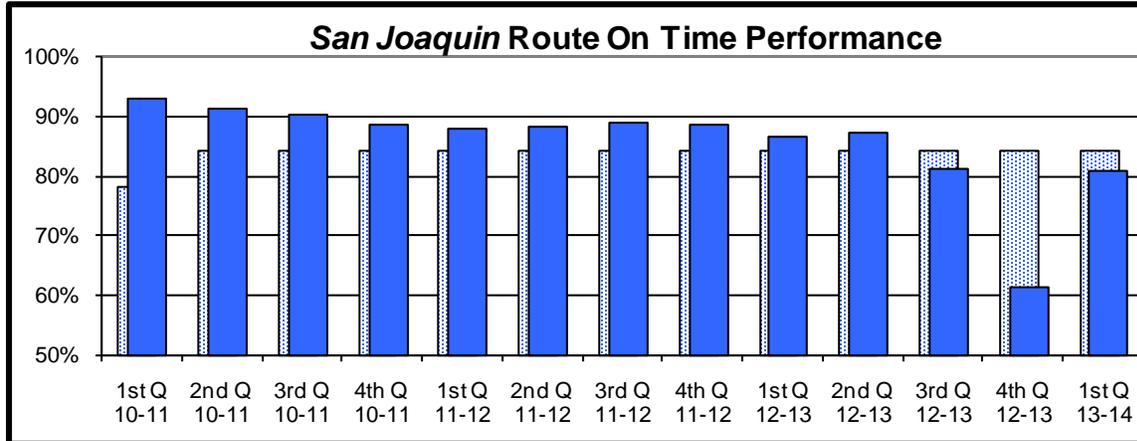
Six daily round-trips serve the *San Joaquin Route*, four operating between Oakland and Bakersfield and two between Sacramento and Bakersfield. All six round-trips have dedicated bus connections between Bakersfield, Los Angeles and other points throughout Southern California. On the north end, buses at Stockton connect Sacramento with Oakland trains and connect Oakland with 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.

Ridership on the *San Joaquin Route* continued steady growth by climbing 8.0 percent for the quarter. This is the 16th consecutive quarter that ridership has increased over the same quarter in the prior year. After recording 29 consecutive months (September 2010-March 2013) where the ridership in that month set an all time high for that month, an 8.0 percent drop was reported for April 2013. However, record ridership resumed in May, with record ridership recorded each month through August. In addition, July set a new all time single month record of 117,348 passengers. Ridership declined very slightly in September.

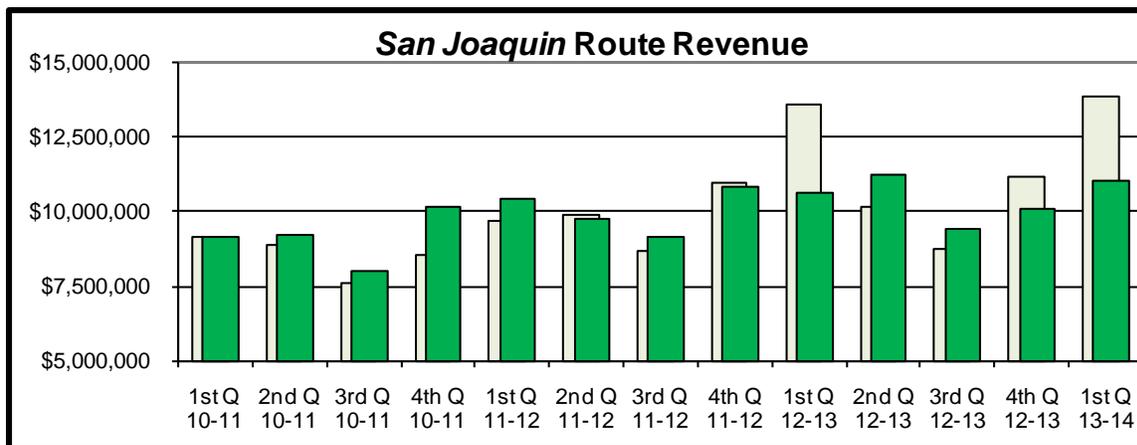
The *San Joaquin Route* is consistently exceeding one million passengers on a 12-month basis. In FY 2010-11, there were 1,032,579 passengers; in FY 2011-12, 1,133,654 passengers, and for FY 2012-13, 1,219,818 passengers rode the *San Joaquin Route*. This has been a significant achievement, considering the economic environment in the region and the fact that the average trip length is the longest of all three State supported routes. Clearly, the *San Joaquin* trains are part of the transportation mix in the San Joaquin Valley.



On-time performance (OTP) in the first quarter was 80.8 percent, down 5.8 percentage points from the same quarter in FY 2011-12, and is 3.2 percentage points below the performance goal of 84 percent. OTP is up significantly from the first quarter of FY 2012-13 that had an OTP for that quarter of 61.3 percent. Both quarters were below the performance goals due in part to major track work projects on both railroads during this period.



Farebox ratio was 61.6 percent in the first quarter FY 2012-13, a 3.7 percentage point improvement over the same quarter the prior year. Revenues for the first quarter increased 3.9 percent compared to the same quarter in the previous year, but fell short of the goal by 20.3 percent, although this appears to be an allocation anomaly when the full year estimate was made. For the full FFY 2012-13, revenues fell short of the performance goal by 5.0 percent. Expenses declined 2.3 percent from the prior year, and were 6.7 percent less than the projected goal.



State-Supported Amtrak California Services - 1st Quarter 2012-13							
San Joaquin Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	1st Qtr 13-14	1st Qtr 13-Dec	Difference	Percent Change	1st Qtr 13-14	Actual to Goals	Percent Difference
Ridership	323,028	299,108	23,920	8.0%	302,638	20,390	6.7%
Revenue	\$ 11,043,775	\$ 10,629,407	\$ 414,368	3.9%	\$ 13,849,278	\$ (2,805,503)	-20.3%
Expense	\$ 17,936,151	\$ 18,363,314	\$ (427,163)	-2.3%	\$ 19,218,640	\$ (1,282,489)	-6.7%
Farebox Ratio	61.6%	57.9%	3.7 PP		72.1%	-10.5 PP	
On-Time Performance	80.8%	86.6%	-5.8 PP		84.0%	-3.2 PP	

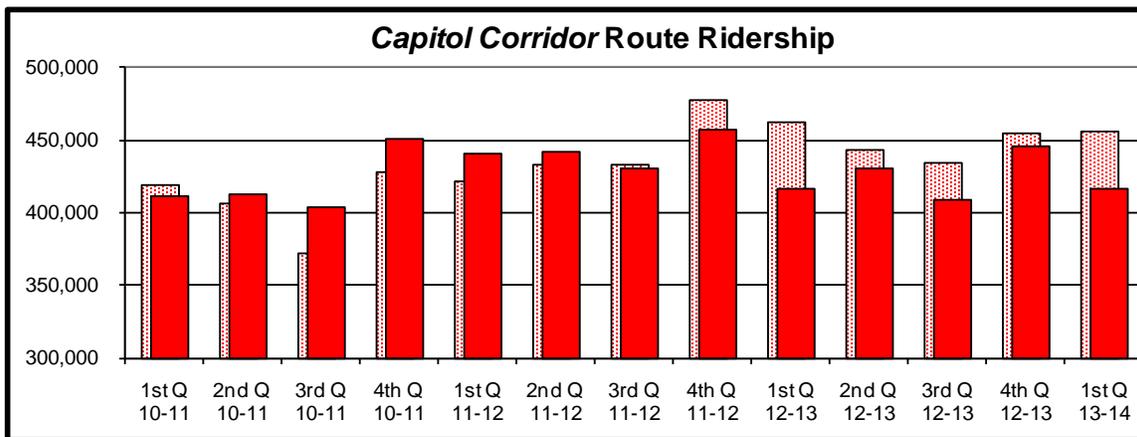
PP - Percentage Points

Capitol Corridor

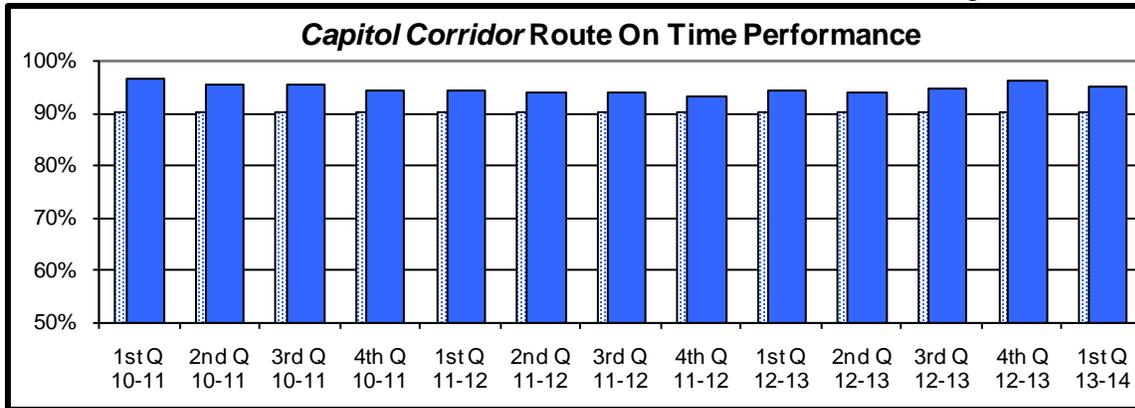
There are currently 15 weekday round trips between Oakland and Sacramento. One of the trains extends beyond Sacramento to Auburn, and seven of the trains extend beyond Oakland to San Jose. On weekends, there are 11 round-trips between Oakland and Sacramento, with one extension to Auburn and seven round trips to San Jose.

Ridership on the *Capitol Corridor* was unchanged over the same quarter the prior year, and was 8.7 percent below the performance goal for the quarter.

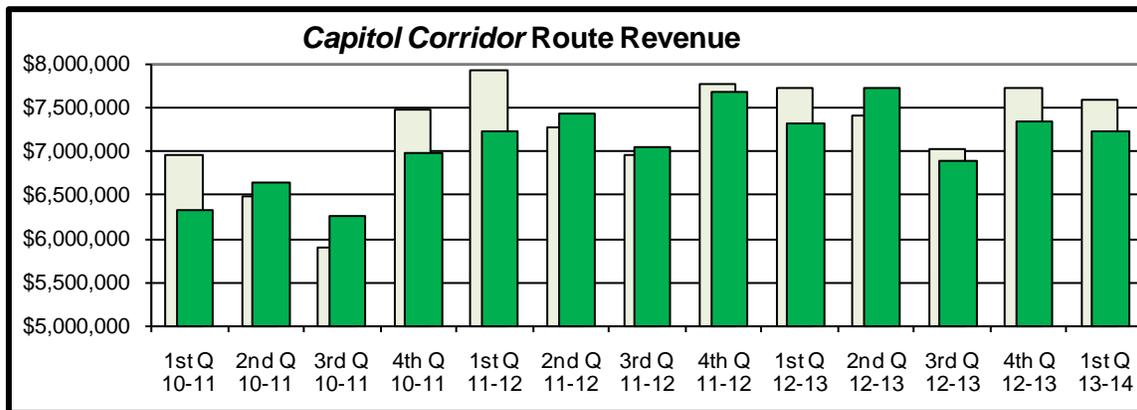
The *Capitol Corridor* has recorded decreased ridership in each month for FY 2012-13 versus FY 2011-12. However, much of this ridership “decline” can be explained by Amtrak’s use of e-ticketing. E-ticketing allows for an accurate ridership count, including passengers traveling on 10-ride or monthly passes. In prior years, Amtrak treated a 10-ride ticket as 10 rides that month, and monthly tickets were assumed to be used for 20 days or 40 rides. However, e-ticketing allows accurate ridership counts specifically referenced to each multi ride ticket purchased. It was found that the former method of counting riders over counted the actual use of the multi-ride tickets. Consequently, prior years ridership has artificially inflated, so the comparison between the current year and prior years is based on some differences. Although the e-ticketing has impacted all three State-supported Amtrak routes, the impact is greatest on the Capitol Corridor due to the higher number of multi-ride passes sold.



On-time performance (OTP) remains excellent and recorded a first quarter OTP of 95.3 percent, and was 1.0 percentage points above the comparable quarter the previous year. OTP has exceeded the *Capitol Corridor* performance goal of 90 percent in 19 of the last 21 quarters, including the last 14.



Farebox Ratio for the first quarter was 46.1 percent, 1.8 percentage points above the same quarter the previous year and was 2.0 percentage points above the performance goal. Revenue for the first quarter declined 1.3 percent compared to the same quarter in the previous year and fell short of the performance goal by 4.7 percent. Expenses decreased 5.1 percent, and were 8.7 percent below the performance goal.



State-Supported Amtrak California Services - 1st Quarter 2012-13							
Capitol Corridor							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	1st Qtr 13-14	1st Qtr 13-Dec	Difference	Percent Change	1st Qtr 13-14	Actual to Goals	Percent Difference
Ridership	416,550	416,527	23	0.0%	456,309	(39,759)	-8.7%
Revenue	\$ 7,231,344	\$ 7,329,562	\$ (98,218)	-1.3%	\$ 7,586,338	\$ (354,994)	-4.7%
Expense	\$ 15,703,059	\$ 16,549,642	\$ (846,583)	-5.1%	\$ 17,192,319	\$ (1,489,260)	-8.7%
Farebox Ratio	46.1%	44.3%	1.8 PP		44.1%	2.0 PP	
On-Time Performance	95.3%	94.3%	1.0 PP		90.0%	5.3 PP	

PP - Percentage Points

Progress Report on Implementation of State Rail Plan Goals

At its January 2008 meeting, the Commission provided advice and consent on the draft 2007-08 to 2017-18 California State Rail Plan (Rail Plan). The consent resolution states that the Department will report on a quarterly basis on its progress in meeting the goals in the Rail Plan that include two-year (through 2009-10), five-year (through 2012-13), seven-year (through 2014-15) and ten-year (through 2017-18) goals.

The Department has been reporting on the two-year goals since FY 2008-09. The initial period for the two-year goals was through Federal Fiscal Year (FFY) 2009-10. In FFY 2010-11, the goals were updated to reflect the five-year goals, which require any 2009-10 goal that had not yet been met to continue being reported. Additional five-year (through 2012-13) goals were also added. For FFY 2011-12, annual financial and performance goals were updated.

Following are tables for each route that show the goals for FFY 2012-13 (October 2012-September 2013) and the progress in meeting them.

Pacific Surfliner Route Objectives		2012-13 Goals	Progress
Improve On-Time Performance		83 percent	July-September 2013 OTP was 79.1 percent.
Construct a San Diego Layover Facility - Work With San Diego Association of Governments (SANDAG) to Identify Suitable Location; Develop Funding Partnership for Local, State and Federal Funds; and Develop a Schedule for Delivering the Facility		Identify suitable location, including preparing funding partnership and delivery schedule Proceed with project consistent with funding plan and delivery schedule	A field review with stakeholders identified a new site near Old Town in San Diego. Potentially half the needed acreage is in the City's Redevelopment area, but is privately owned. Stakeholders need to determine if enough additional land can be acquired. Some pre-construction funding is available but no construction funding has yet been identified. Amtrak has provided a preliminary Project Study Report/coast estimate. A meeting between the city of San Diego and the Department took place in January 2011. Future meetings will include BNSF and HSR. It is difficult to proceed with this project due to lack of funding.
Streamline Operations and Improve Passenger Amenities	Implement Automated Ticket Validation (ATV) and Internet ticket purchase	Work with Amtrak, who plans to implement e-ticketing by early 2012.	Amtrak is launching a national e-ticketing program. E-Ticketing was launched in late April 2012 on the San Joaquin Route and Capitol Corridor. The system was expanded to cover the Pacific Surfliner Route in July 2012.
	Implement comprehensive wireless network for on-board, safety and equipment operations	Begin installation of WiFi equipment to be completed end of 2011.	Milestone achieved. A statewide WiFi launch for all three routes occurred in November 2011. Passenger response to WiFi has been very positive.
Improve Multimodal Connectivity	Cross-ticketing and coordinated Schedules With Metrolink and Coaster per LOSSAN integration	Continue to participate in LOSSAN integration	Department continues to participate in LOSSAN integration meetings and short-term and long-term operation analysis and implementation plans have been published. The first integrated schedule is now in place and has improved operations in the corridor.
	Monitor integration of Express Service between Los Angeles and San Diego	Monitor success of service	The Express Service schedule departing San Diego at 7:00 a.m. began on February 15, 2011. The one-year trial period for the train ended on February 14, 2012. Effective April 1, 2013, the express service trial service was terminated and the train returned to regular operation.
Reduce Travel Times	San Diego to Los Angeles	Under 2.5 Hours Over 10-Year Period Achieve 2.5 hour travel time by 2017-18	Goal to reduce travel time to 2.5 hours requires completion of multiple capital projects: The Los Angeles to Fullerton Triple Track Project is located on approximately 15 miles of BNSF right-of-way within the LOSSAN Corridor. Completion of the third main track will include new main track, siding upgrades and extensions, upgrade of the railroad infrastructure, signal system upgrades, including Positive Train Control, and various civil structure modifications. The project is divided into eight segments of track construction and six grade separations. Seven of the track segments have been funded (Segment 7 received a Federal award in August, 2011). Segments 1-6 are complete. Segment 7 construction began in April 2012. Segment 8 is fully funded. Two of the six grade separations are funded. Passions Grade Separation is under construction and contract has been awarded for the Valley View Grade Separation began construction in September 2012. Completion of the project will allow up to 34 Amtrak trains per day operating at 90 percent on-time performance.
	Los Angeles to San Luis Obispo	Under 5.0 Hours Over 10-Year Period Achieve 5 hour travel time by 2017-18	The San Onofre-Puigas Double Track Project Phase 1 will construct 4.2 miles of double track and complete the environmental and design phases covering both phases. Final design has begun and environmental permitting is in progress. Final design has been completed, contract awarded, and construction planned to begin in October 2013. In October 2010, FRA approved five PE/NEPA projects for this segment that will improve running times when constructed. All of the five projects now have completed grant agreements and work is underway to complete the first task which is a detailed work plan. Goal to reduce travel time to under 5 hours requires completion of multiple capital projects: Two siding extension projects that will improve running time are programmed in the STIP for 2012-13 in Santa Barbara and Ventura Counties. Union Pacific has completed preliminary modeling, which is being evaluated by AECOM to ensure consistency with other models in use. A corridor wide program level EIR/EIS for LOSSAN North is in progress and is necessary for the State to compete for Federal funds. In October 2010, FRA approved four PE/NEPA projects for this segment that will improve running times when constructed. All of the four projects now have completed grant agreements and work is underway to complete the first task which is a detailed work plan. Two Federal Railway Administration (FRA) grants will fund the completion of NEPA and PE for the Ortega and Seaciff sidings. The other two projects are Van Nuys and Raymat.
Increase Annual Ridership		2,794,723	July-September 2013 ridership was 757,730, exceeding the quarterly goal by 12.5 percent.
Increase Annual Revenues (dollars in millions)		\$64.4	July-September 2013 revenue was \$19.7 million, exceeding the quarterly goal by 10.1 percent.
Increase Farebox Ratio		59.3 percent	July-September 2013 farebox ratio was 80.9 percent, exceeding the quarterly goal of 67.5 percent.
Service Frequency (Total Weekday Trains)	Between San Diego and Los Angeles	11	This is the current frequency.
	Between Los Angeles and Goleta (Santa Barbara)	5	This is the current frequency.
	Between Goleta (Santa Barbara) and San Luis Obispo	2	This is the current frequency.

San Joaquin Route Objectives	2012-13 Goals	Progress
Improve On-Time Performance	84 percent	July-September 2013 OTP was 80.8 percent.
Implement comprehensive wireless network for on-board, safety and equipment operations	Begin installation Wi-Fi equipment to be completed end of 2011.	Milestone achieved. A statewide WiFi launch for all three routes occurred in November 2011. Passenger response to WiFi has been very positive.
Implement Automated Ticket Validation (ATV) and Internet ticket purchase	Work with Amtrak, who plans to implement e-ticketing by early 2012.	Amtrak is launching a national e-ticketing program. E-Ticketing was launched in late April 2012 on the San Joaquin Route and Capitol Corridor. The system was expanded to cover the Pacific Surfliner Route in July 2012.
Implement Positive Train Control (PTC)	BNSF completing project. To be completed by December 2012.	There are four Positive Train Control (PTC) projects; two are funded by Prop 1A and two are proceeding under a Letter of No Prejudice (LONP) that will allow the locals to pay for their own project, with later reimbursement. The BNSF is currently working on PTC on the San Joaquin Corridor and the Pacific Surfliner Corridor between Los Angeles and Fullerton. Installation on both projects have encountered development delays.
Implement safety and security cameras on trains and at stations	Station and on-board cameras to be implemented by December 2011	Station cameras and all 22 on-board cab-car cameras installation have been installed. Vendor for locomotive cameras has been selected; cameras are being installed as part of the scheduled locomotive overhaul.
Improve Multimodal Connectivity	Increase connectivity consistent with results of coordination efforts	Department has improved the transit transfer program with new uniform transfer tickets and is expanding the number of transit providers in the program for both the San Joaquin and Pacific Surfliner corridors.
Reduce Travel Times	Oakland to Bakersfield	Projects to reduce travel time are progressing. Kings Park double track project to reduce travel times was placed into service on March 18, 2011.
	Sacramento to Bakersfield	Kings Park double track project benefits Sacramento to Bakersfield service travel times. This project was completed and placed into service on March 18, 2011.
Increase Annual Ridership	1,279,823	July-September 2013 ridership was 323,028, an 8.0 percent increase over the prior year quarter and exceeded the quarterly goal by 6.7 percent. This marked the 15th consecutive quarter of ridership growth on the route.
Increase Annual Revenues (dollars in millions)	\$43.7	July-September 2013 revenue was \$11.0 million, short of the quarterly goal by 20.3 percent.
Increase Farebox Ratio	57.6 percent	July-September 2013 farebox ratio was 61.6 percent, exceeding the quarterly farebox ratio goal of 57.9 percent.
Service Frequency (Total Trains)	4	This is the current frequency.
	2	This is the current frequency.

Capitol Corridor Route Objectives		2012-13 Goals	Progress
Improve On-Time Performance		Maintain 90 percent throughout the ten-year period	July-September 2013 OTP was 95.3 percent. Exceeded goal in last 14 quarters.
Enhance Customer Satisfaction	Implement comprehensive wireless network for on-board, safety and equipment operations	Begin installation Wi-Fi equipment to be completed end 2011.	Milestone achieved. A statewide WiFi launch for all three routes occurred in November 2011. Passenger response to WiFi has been very positive.
	Implement Automated Ticket Validation System and eTicketing	Full implementation expected in the summer of 2011	Amtrak is launching a national e-ticketing program. E-Ticketing was launched in late April 2012 on the San Joaquin Route and Capitol Corridor. The system was expanded to cover the Pacific Surfliner Route in July 2012.
Reduce Travel Times	Implement safety and security cameras on trains and at stations	Station and on-board cameras to be implemented by December 2011	Station cameras and all 22 on-board cab-car cameras installation have been installed. Vendor for locomotive cameras has been selected; cameras are being installed as part of the scheduled locomotive overhaul.
		Reduce by up to 12 percent over 10-Year Period	Travel time was not reduced in FFY 2010-11 year-to-date and no reductions are planned for the remainder of the FFY 2012-13.
Increase Annual Ridership		1,766,287	July-September 2013 ridership was 416,550, short of quarterly goal by 8.7 percent.
Increase Annual Revenues (dollars in millions)		\$29.9	July-September 2013 revenue was \$7.2 million, short of the quarterly goal by 4.7 percent.
Increase Farebox Ratio		51.8 percent	July-September 2013 farebox ratio was 46.1 percent, exceeding the quarterly goal by 2.0 percentage points.
Increase Service Frequency	Between Oakland and Sacramento	16	This is the current frequency.
	Between San Jose and Oakland	7	This is the current frequency.
	Between Sacramento and Roseville	1	This is the current frequency.
	Between Roseville and Auburn	1	This is the current frequency.