

Memorandum

To: CHAIR AND MEMBERS
CALIFORNIA TRANSPORTATION COMMISSION

Date: June 25, 2014

Reference No.: 3.8
Information Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Bruce Roberts
Acting Division Chief
Rail

Subject: **FY 2013-14 THIRD QUARTER RAIL OPERATIONS REPORT**

SUMMARY:

This is the third quarter Rail Operations Report for Fiscal Year (FY) 2013-14, October through December 2013, as requested by the California Transportation Commission (Commission). The report contains information for each of the three state supported intercity passenger rail routes on ridership, on-time performance and financial results. The report includes current quarter results, a comparison of the current quarter to the stated performance goals and a comparison of the current quarter to the same period of the prior year.

California provides financial and administrative support for intercity rail passenger service on three corridors within the State: the *Pacific Surfliner Route* between San Diego, Los Angeles, Santa Barbara 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 national intercity passenger rail system. The *Pacific Surfliner* and *San Joaquin* routes are administered by the California Department of Transportation (Caltrans), while the *Capitol Corridor* is administered by a separate agency, the Capitol Corridor Joint Powers Authority (CCJPA), using funding provided by the Caltrans. The CCJPA and Caltrans contract with Amtrak to operate the three routes.

From Federal Fiscal Year (FFY) 2009-10 through FFY 2013-14 expenses have been calculated based on a predetermined fixed dollar amount with the exception of fuel and host railroad expenses. This type of fixed fee contract limits the State's financial risk. Expenses are calculated in the same manner in the contract between the CCJPA and Amtrak.

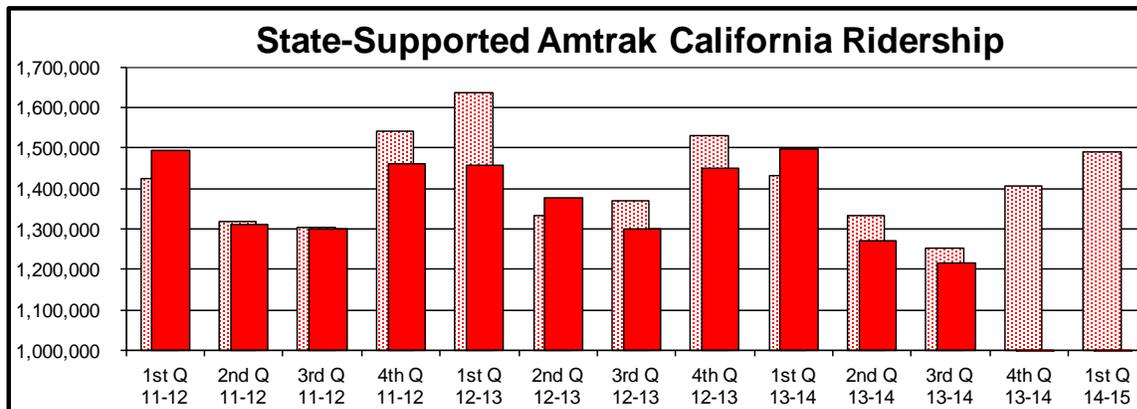
Since FFY 2011-12, the reported results include: actual revenue, fixed price expenses, actual fuel cost, actual railroad performance payments and actual host railroad access fees. The farebox ratio shown is a ratio of the actual revenue to billed expenses, which include both fixed price and the three categories of actual expenses.

Third Quarter Results

The third quarter of FY 2013-14, reflects a new operating contract with Amtrak and includes the implementation of Section 209 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). This act standardized the methodology for determining the cost of all state-supported operations and capital equipment charges, and required that all passenger service under 750 miles in length to be entirely financially supported by the states. California now assumes the full operating and capital equipment costs on all three routes.

Electronic-ticketing (e-ticketing) is now universally used on California intercity passenger rail trains. This enables Amtrak to accurately count passengers, and for the first time, track the actual use of multi-ride tickets. Prior to e-ticketing, Amtrak estimated how many times multi-ride tickets were used. After one year of e-ticketing, Amtrak discovered that the previous method over counted the actual utilization of multi-ride tickets. All three routes reported ridership declines this quarter; some of this decline is attributable to the over count in the prior years. The impact was relatively minor on the *Pacific Surfliner* and *San Joaquin* routes, but significant on the *Capitol Corridor* due to the large use of multi-ride passes.

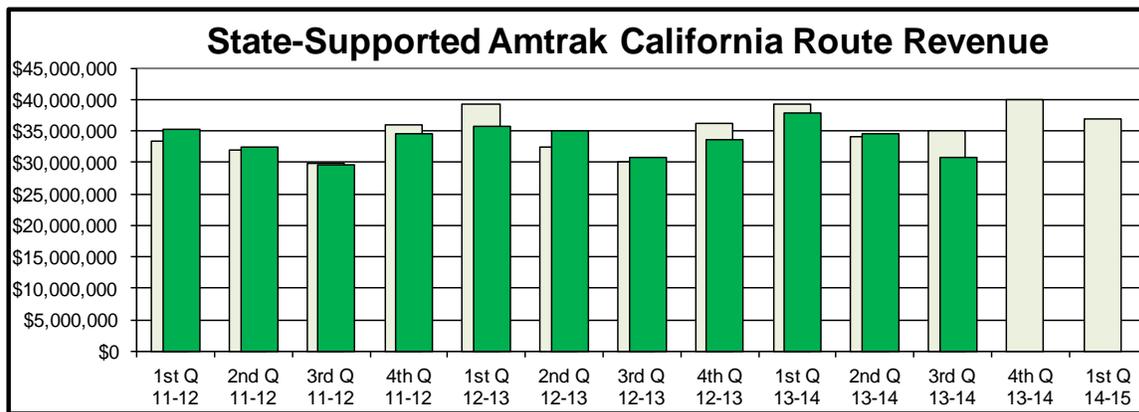
Total combined ridership during the third quarter (January-March 2014) on the three routes was below the performance goal by 2.9 percent. Actual ridership was down 6.5 percent from the comparable quarter results reported in FY 2012-13.



Note: Solid Bars reflect actual results; Shaded Bars reflect Performance Goals

Combined on-time performance (OTP) for the third quarter was 84.9 percent, a 5.2 percentage point decline over the same quarter in FY 2012-13, and 0.9 percentage points above the combined performance goal. The *Capitol Corridor* exceeded the performance goal with over 94 percent on time operation, the *San Joaquin Route* was almost 81 percent and the *Pacific Surfliner Route* recorded over 78 percent on time.

Revenue was unchanged from the prior year quarter but was 12.5 percent below the performance goal. Expenses were 8.1 percent lower than the goal and were 2.6 percent below last year. As a result, the farebox ratio of 55.8 percent fell short of the goal by 2.9 percentage points.



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 third quarter FY 2013-14.

State-Supported Amtrak California Services - 3rd Quarter 2013-14							
All Routes							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	3rd Qtr 13-14	3rd Qtr 12-13	Difference	Percent Change	3rd Qtr 13-14	Actual to Goals	Percent Difference
Ridership	1,215,912	1,300,645	(84,733)	-6.5%	1,251,949	(36,037)	-2.9%
Revenue	\$ 30,689,569	\$ 30,675,956	\$ 13,613	0.0%	\$ 35,087,752	\$ (4,398,183)	-12.5%
Expense	\$ 54,985,756	\$ 56,469,443	\$ (1,483,687)	-2.6%	\$ 59,803,133	\$ (4,817,377)	-8.1%
Farebox Ratio	55.8%	54.3%	1.5 PP		58.7%	-2.9 PP	
On-Time Performance	84.9%	90.1%	-5.2 PP		84.0%	0.9 PP	

PP - Percentage Points

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

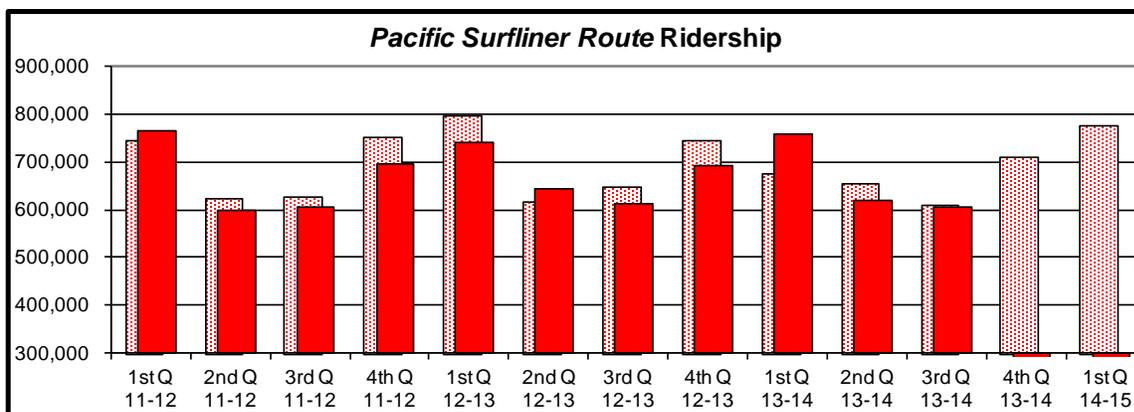
BACKGROUND:

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. Prior to the implementation of PRIIA Section 209, the *Pacific Surfliner Route* was partially funded by Amtrak. Since October 2013, the *Pacific Surfliner Route* is entirely State funded.

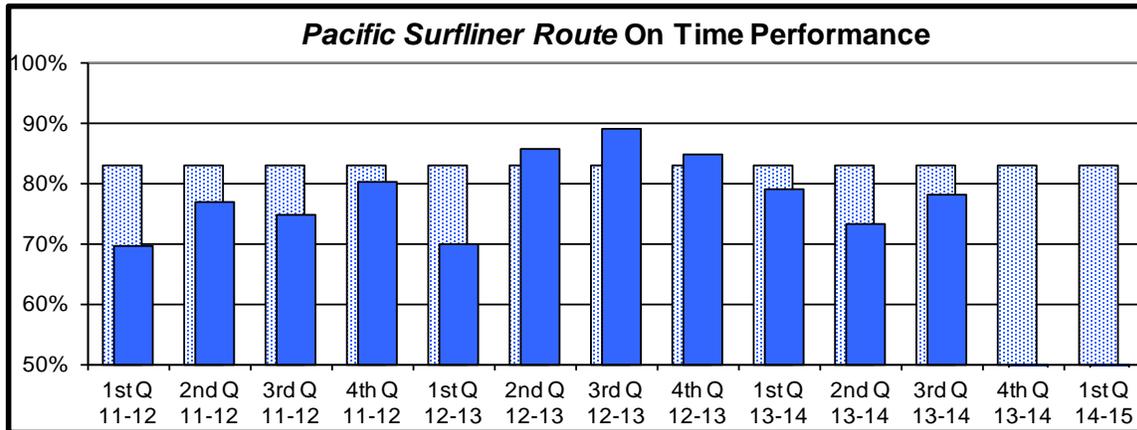
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio, and on-time performance for the quarter.

Ridership on the *Pacific Surfliner Route* decreased 1.2 percent in the third quarter compared to the results reported in same quarter in the prior year, partially due to the change in reporting methodology, and was below the performance goal by 0.8 percent.

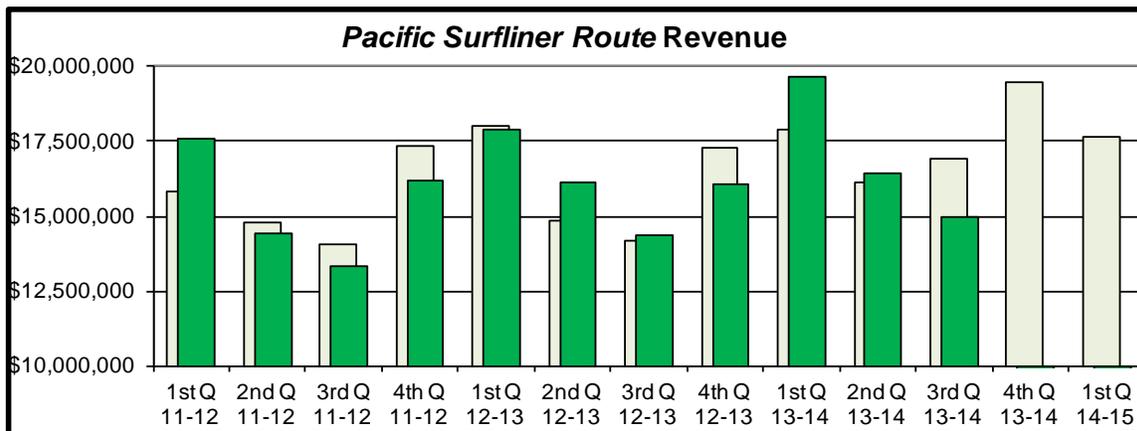


On-time performance (OTP) in the third quarter was 78.2 percent, 11.0 percentage points below the previous year’s third quarter and 4.8 percentage points below the 83 percent performance goal.

For the quarter, between Los Angeles and San Diego, OTP was 75.3 percent, a decline of 12.5 percentage points from the third quarter of last year. Major track projects in San Diego County by North County Transit District had a significant OTP impact. Between Los Angeles and San Luis Obispo, OTP was 84.2 percent, down 3.4 percentage points from one year ago.



Farebox ratio for the quarter was 61.6 percent, 3.9 percentage points below the performance goal but 5.3 percentage points above the same period last year. Revenue in the third quarter was short of the performance goal by 11.5 percentage points, but increased 4.2 percent compared to the same quarter in the previous year, and set monthly ticket revenue records for both January and February. Expenses were 5.8 percent below the performance goal and decreased 4.8 percent over the prior year quarter.



State-Supported Amtrak California Services - 3rd Quarter 2013-14							
Pacific Surfliner Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	3rd Qtr 13-14	3rd Qtr 12-13	Difference	Percent Change	3rd Qtr 13-14	Actual to Goals	Percent Difference
Ridership	604,339	611,434	(7,095)	-1.2%	608,949	(4,610)	-0.8%
Revenue	\$ 14,962,591	\$ 14,356,049	\$ 606,542	4.2%	\$ 16,899,000	\$ (1,936,409)	-11.5%
Expense	\$ 24,277,577	\$ 25,495,434	\$ (1,217,857)	-4.8%	\$ 25,781,000	\$ (1,503,423)	-5.8%
Farebox Ratio	61.6%	56.3%	5.3 PP		65.5%	-3.9 PP	
OTP-Route	78.2%	89.2%	-11.0 PP		83.0%	-4.8 PP	
OTP-North	84.2%	87.6%	-3.4 PP				
OTP-South	75.3%	87.8%	-12.5 PP				

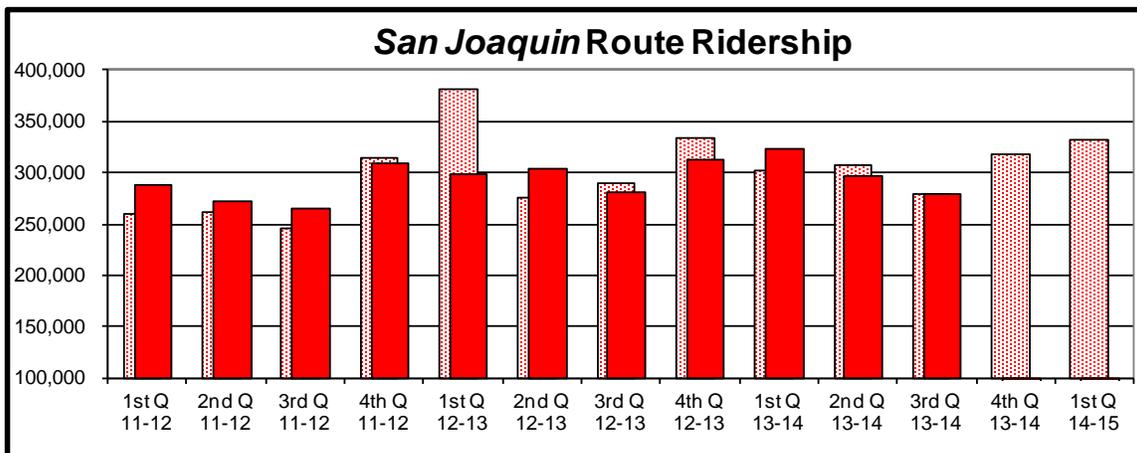
PP - Percentage Points

San Joaquin Route

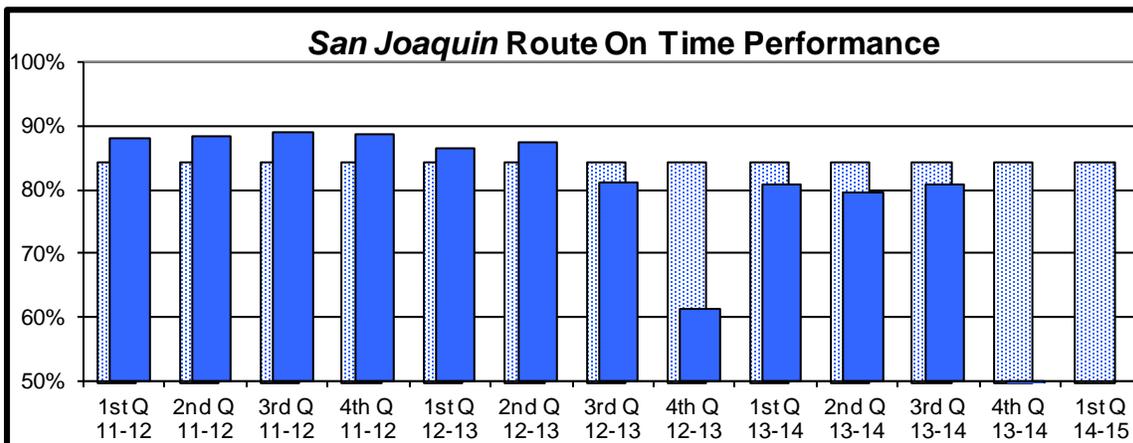
Six daily round-trips serve the *San Joaquin Route*, four operating between Oakland and Bakersfield and two between Sacramento and Bakersfield. All six round-trips have dedicated bus connections between Bakersfield, Los Angeles and other points throughout Southern California. On the north end, buses 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* declined by 0.7 percent for the quarter and was 0.5 percent below the performance goal.

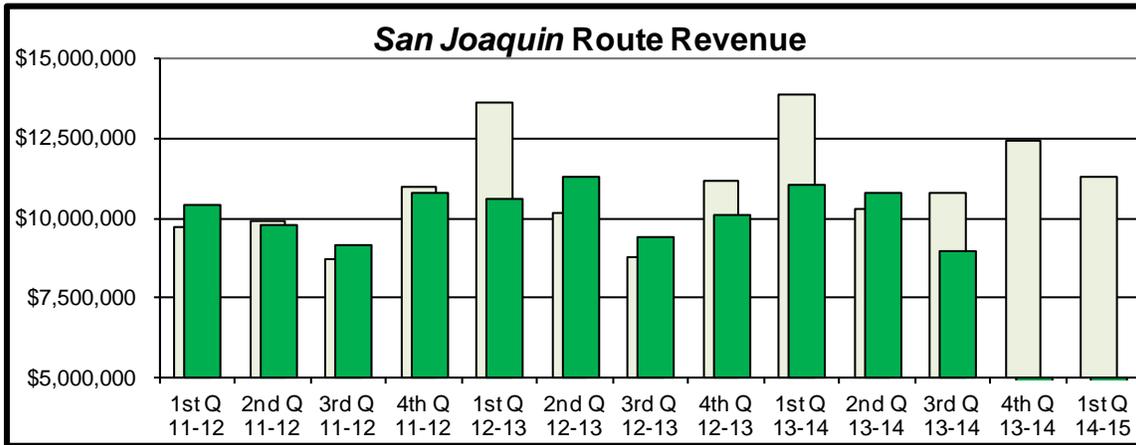
The *San Joaquin Route* consistently exceeds one million passengers on a 12-month basis. For the 12 months between April 2013 and March 2014, 1,210,700 passengers rode the route. This is a significant achievement, considering the economic environment in the region and the fact that the average trip length is the longest of all three State supported routes.



On-time performance (OTP) in the third quarter was 80.9 percent, down 0.3 percentage points from the same quarter in FY 2012-13, and is 3.1 percentage points below the performance goal of 84 percent.



The Farebox ratio was 48.3 percent in the third quarter FY 2013-14, 3.1 percentage points below the performance goal. Revenues for the third quarter fell short of the goal by 17.0 percent, and decreased 4.8 percent compared to the same quarter in the previous year. Expenses were 11.5 percent lower than the projected goal, but did increase 2.7 percent from the prior year.



State-Supported Amtrak California Services - 3rd Quarter 2012-13							
San Joaquin Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	3rd Qtr 13-14	3rd Qtr 12-13	Difference	Percent Change	3rd Qtr 13-14	Actual to Goals	Percent Difference
Ridership	278,599	280,574	(1,975)	-0.7%	280,000	(1,401)	-0.5%
Revenue	\$ 8,982,640	\$ 9,431,076	\$ (448,436)	-4.8%	\$ 10,818,000	\$ (1,835,360)	-17.0%
Expense	\$ 18,606,590	\$ 18,115,280	\$ 491,310	2.7%	\$ 21,036,000	\$ (2,429,410)	-11.5%
Farebox Ratio	48.3%	52.1%	-3.8 PP		51.4%	-3.1 PP	
On-Time Performance	80.9%	81.2%	-0.3 PP		84.0%	-3.1 PP	

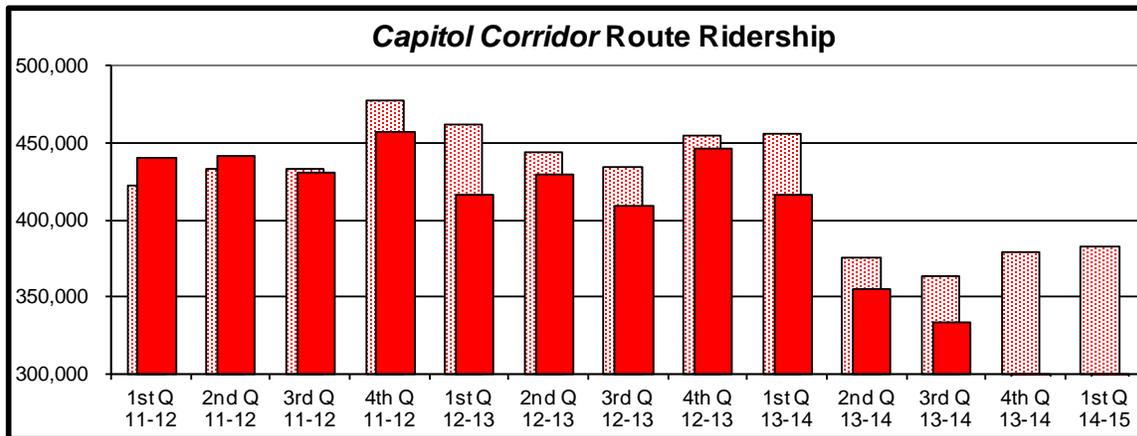
PP - Percentage Points

Capitol Corridor

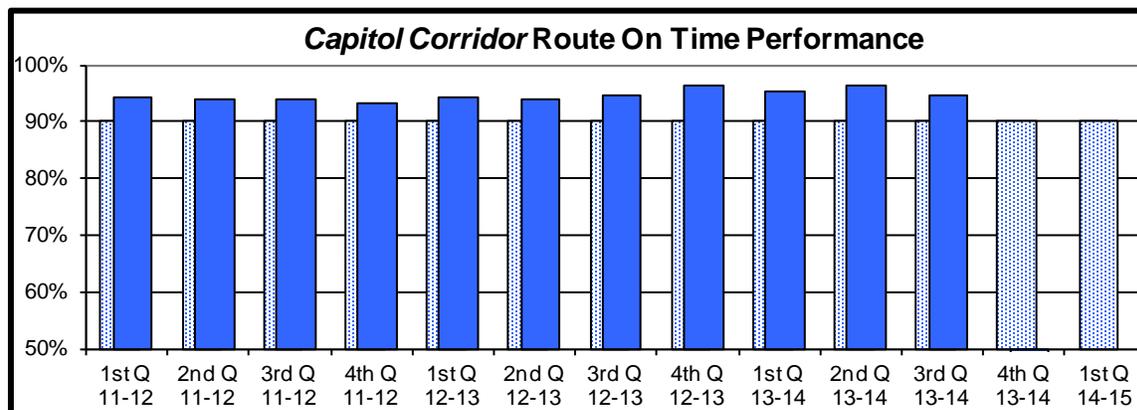
There are currently 15 weekday round trips between Oakland and Sacramento. One of the trains extends beyond Sacramento to Auburn, and seven of the trains extend beyond Oakland to San Jose. On weekends, there are 11 round-trips between Oakland and Sacramento, with one extension to Auburn and seven round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

Ridership

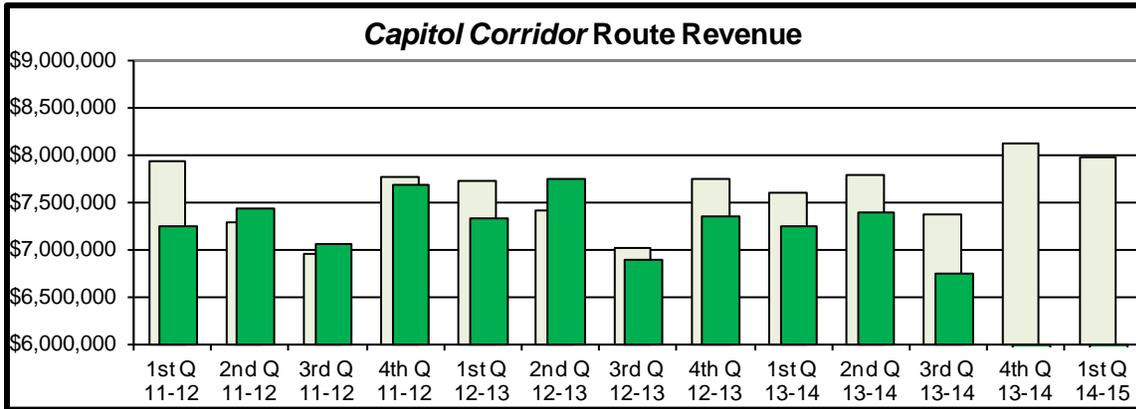
The *Capitol Corridor* route was most affected by the implementation of e-ticketing and the change in the way passengers are counted due to the large number of multi-ride tickets. Ridership in the third quarter in FY 2013-14 resulted in a 18.5 percent decrease over the ridership reported for this quarter in FY 2012-13 and fell short of the goal by 8.3 percent.



On-time performance (OTP) for the third quarter was 94.8 percent, and was 0.2 percentage points above the comparable quarter the previous year. OTP has exceeded the *Capitol Corridor* performance goal of 90 percent in 21 of the last 23 quarters, including the last 16.



Farebox Ratio for the third quarter was 55.7 percent, 2.1 percentage points above the same quarter the previous year but was 1.1 percentage points below the performance goal. Revenue for the third quarter declined 2.1 percent compared to the same quarter in the previous year and fell short of the performance goal by 8.5 percent. Expenses decreased 5.9 percent, and were 6.8 percent below the performance goal.



State-Supported Amtrak California Services - 3rd Quarter 2012-13							
Capitol Corridor							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	3rd Qtr 13-14	3rd Qtr 12-13	Difference	Percent Change	3rd Qtr 13-14	Actual to Goals	Percent Difference
Ridership	332,974 ↓	408,637	(75,663) ↓	-18.5%	363,000	(30,026) ↓	-8.3%
Revenue	\$ 6,744,338 ↓	\$ 6,888,831	\$ (144,493) ↓	-2.1%	\$ 7,370,752	\$ (626,414) ↓	-8.5%
Expense	\$ 12,101,589 ↓	\$ 12,858,729	\$ (757,140) ↓	-5.9%	\$ 12,986,133	\$ (884,544) ↓	-6.8%
Farebox Ratio	55.7% ↑	53.6%	2.1 PP		56.8%	-1.1 PP	
On-Time Performance	94.8% ↓	94.6%	0.2 PP		90.0%	4.8 PP	

PP - Percentage Points