

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 28-29, 2008

Reference No.: 3.7
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: William D. Bronte
Chief
Division of Rail

Subject: **FY 2007-08 3rd QUARTER RAIL OPERATIONS REPORT**

Attached is the Department of Transportation's 3rd Quarter Intercity Rail Operations Report for FY 2007-08. This version is consistent with the version sent to the Commission's Executive Committee.

Attachment

Memorandum

To: CHAIR AND MEMBERS
California Transportation Commission

Date: May 9, 2008

From: WILLIAM D. BRONTE
Chief
Division of Rail

Subject: **FY 2007-08 3rd QUARTER RAIL OPERATIONS REPORT**

SUMMARY:

This is the Third Quarter Intercity Rail Operations Report for Fiscal Year (FY) 2007-08, January through March 2008, as requested by the California Transportation Commission (Commission). The report contains information for each route on ridership, on-time performance, revenue, expense, and farebox ratio measures. These results are also compared to the same period for the prior year and to the Business Plan projections. Additional data is also shown that allows the performance of the routes to be more 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 sixth 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 third corridor is administered by a separate agency, the Capitol Corridor Joint Powers Authority (CCJPA), using funding provided by the Department.

Operating results for this quarter are extremely positive. Ridership, revenue, farebox ratio, and on-time performance were all above the comparable quarter in the prior year on all three routes, and with the exception of the on-time performance, above the Business Plan projections.

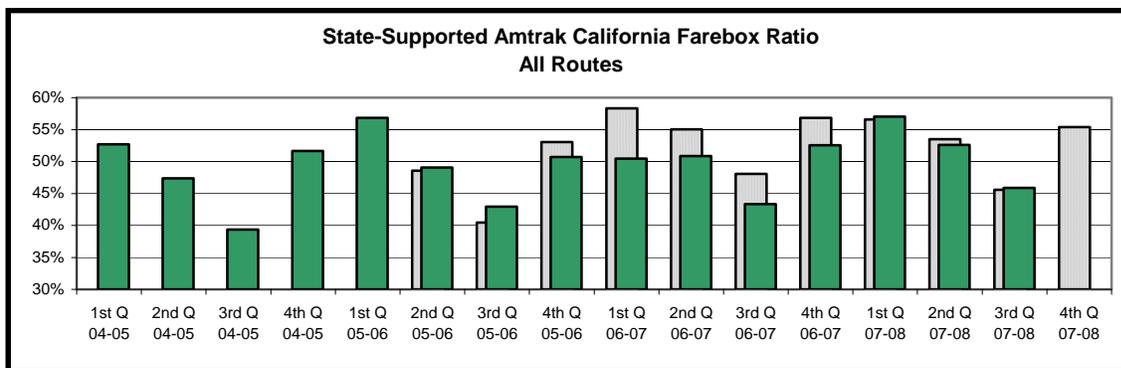
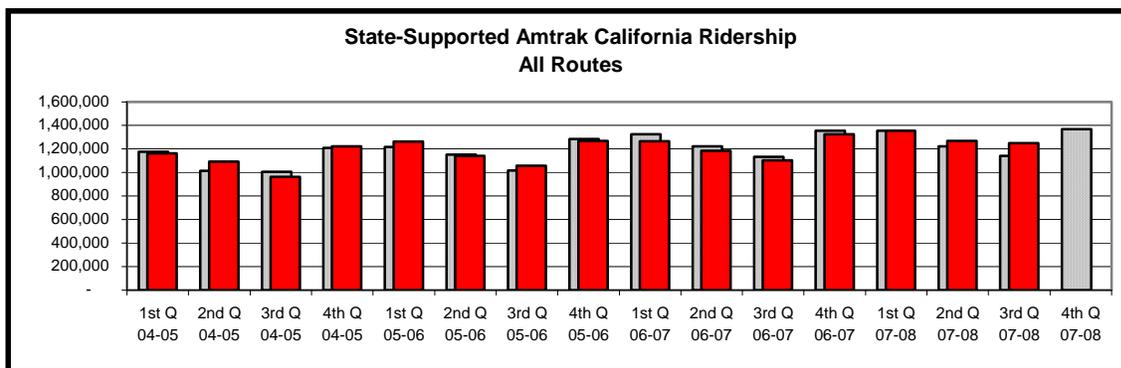
Total ridership (one way trips) during the third quarter (January-March 2008) on the three routes was 13.1 percent over the comparable quarter in FY 2006-07, and 9.6 percent above the projections for the quarter in the Business Plans. Each month of the quarter on each route set new ridership records for that month. Ridership on all routes was up, likely as a result of high gasoline prices and improved on-time performance, and the fact that Easter in 2008 was in March, as opposed to April in 2007.

The combined farebox ratio (revenues divided by expenses) for the three routes was 45.9 percent in the third quarter, an increase of 2.6 percentage points from the comparable quarter in FY 2006-07 and the same as the Business Plans projections. On all three routes, third quarter

farebox was at the highest level since at least 2000-01. Overall revenue in the third quarter increased an impressive 21.4 percent, mostly due to the result of increased ridership, compared with the same quarter the previous year, and was 14.1 percent above the Business Plans projections for the quarter. Overall expenses increased 14.7 percent, compared with the same quarter the previous year, and were 13.4 percent above projections for the quarter in the Business Plans. On-time performance improved significantly, up 14.6 percentage points to 82.6 percent.

March financial results are provided by Amtrak as preliminary estimates, as the detail statements for the month are not yet available.

The following two graphs depict the combined ridership and farebox ratio results of the three State-supported rail corridors in California.



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

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 of the 2007-08 fiscal year.

| State-Supported Amtrak California Services - 3rd Quarter 07-08 | | | | | | | |
|---|-----------------------|------------------|--------------|-------------------|----------------------------------|---------------------------|-----------------------|
| All Routes | | | | | | | |
| | ACTUAL RESULTS | | | | BUSINESS PLAN PROJECTIONS | | |
| | 3rd Qtr 07-08 | 3rd Qtr 06-07 | Difference | Percent Change | 3rd Qtr 07-08 | Difference From Actual | Percent Difference |
| Ridership | 1,249,152 | 1,102,598 | 146,554 | 13.3% | 1,140,048 | 109,104 | 9.6% |
| Revenue | \$ 23,930,134 | \$ 19,709,235 | \$ 4,220,899 | 21.4% | \$ 20,968,072 | \$ 2,962,062 | 14.1% |
| Expense | \$ 52,145,181 | \$ 45,466,408 | \$ 6,678,773 | 14.7% | \$ 45,985,720 | \$ 6,159,461 | 13.4% |
| Farebox Ratio | 45.9% | 43.3% | 2.6% | | 45.6% | 0.3% | |
| On-Time Performance | 82.6% | 68.0% | 14.6% | | 86.0% | -3.4% | |

The following table provides further performance data on each route and allows a comparison of the performance of the routes to each other.

| RIDERSHIP AND FINANCIAL PERFORMANCE COMPARISONS | | | | | | | | | | |
|---|------------------|---------------------------|------------------|--------------|-----------------|-----------------|-----------------|-------------------------|----------------|----------------|
| Third Quarter - Fiscal Years 2007-08 and 2006-07 | | | | | | | | | | |
| | Passengers | Avg. Trip Length (Mi.) | Farebox Ratio | PM/TM | Per Passenger | | | Per Passenger Mile (PM) | | |
| | | | | | Revenue | Expense | Loss | Revenue | Expense | Loss |
| January through March 2008 | | | | | | | | | | |
| PACIFIC SURFLINER | 656,439 | 82.8 | 51.0% | 132.8 | \$ 17.60 | \$ 34.48 | \$ 16.88 | \$ 0.20 | \$ 0.40 | \$ 0.20 |
| SAN JOAQUIN | 202,968 | 144.3 | 42.5% | 88.3 | \$ 33.42 | \$ 78.73 | \$ 45.31 | \$ 0.15 | \$ 0.40 | \$ 0.25 |
| CAPITOL CORRIDOR | 389,745 | 65.4 | 41.3% | 85.9 | \$ 14.35 | \$ 34.72 | \$ 20.37 | \$ 0.20 | \$ 0.51 | \$ 0.31 |
| 3Q SFY 2007-08 Total | 1,249,152 | 87.4 | 45.9% | 105.2 | \$ 19.16 | \$ 41.74 | \$ 22.59 | \$ 0.19 | \$ 0.43 | \$ 0.24 |
| January through March 2007 | | | | | | | | | | |
| PACIFIC SURFLINER | 599,412 | 79.7 | 49.8% | 121.7 | \$ 16.47 | \$ 33.05 | \$ 16.57 | \$ 0.19 | \$ 0.40 | \$ 0.21 |
| SAN JOAQUIN | 166,588 | 144.9 | 37.2% | 72.9 | \$ 33.26 | \$ 89.36 | \$ 56.11 | \$ 0.16 | \$ 0.46 | \$ 0.30 |
| CAPITOL CORRIDOR | 336,598 | 66.2 | 39.9% | 80.4 | \$ 12.76 | \$ 32.00 | \$ 19.24 | \$ 0.18 | \$ 0.46 | \$ 0.28 |
| 3Q SFY 2006-07 Total | 1,102,598 | 85.4 | 43.3% | 94.1 | \$ 17.88 | \$ 41.24 | \$ 23.36 | \$ 0.18 | \$ 0.43 | \$ 0.25 |
| March 2008 financial data is estimated by Amtrak as the final monthly statement is not yet available. | | | | | | | | | | |
| Avg. Trip Length - Passenger Miles divided by Passengers | | | | | | | | | | |
| PM - Passenger Miles - Total number of miles traveled by all passengers aboard trains; does not include miles traveled aboard connecting feeder buses | | | | | | | | | | |
| PM/TM - Passenger Miles per Train Mile - Measure of average passenger load on a train over its entire route; a standard measure of efficiency | | | | | | | | | | |

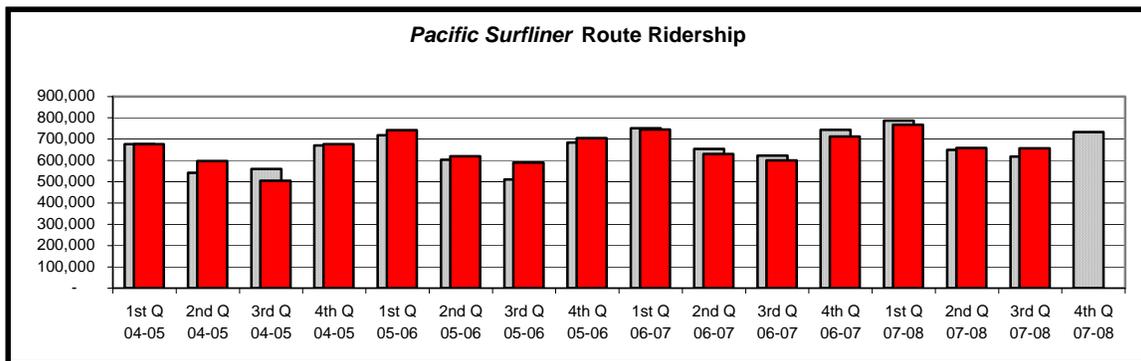
Route-specific graphs and tables are in the sections for each route that follow.

BACKGROUND:

Pacific Surfliner Route

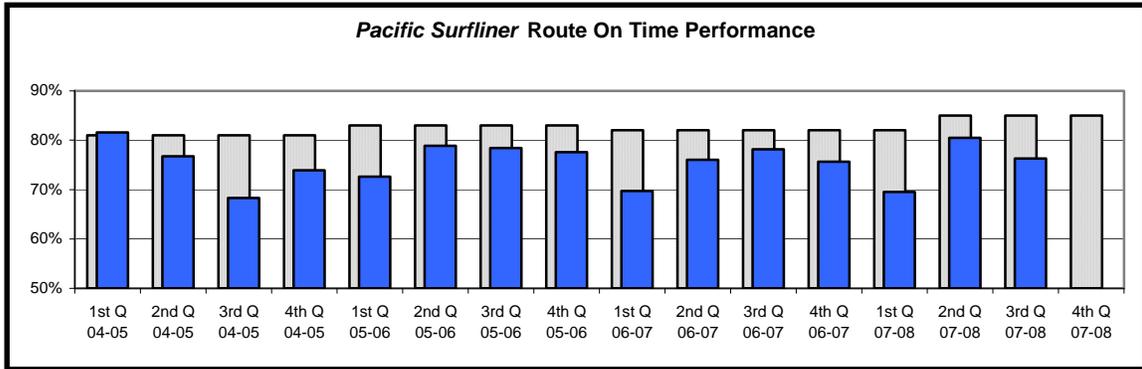
There are currently 11 weekday round-trips between Los Angeles and San Diego, four of which are through-trains between San Diego and Goleta (Santa Barbara). One of the four Santa Barbara round-trips continues north to and from San Luis Obispo. A second San Luis Obispo train, which operates only between Los Angeles and San Luis Obispo, brings the total level of service north of Los Angeles to five round-trips daily.

Ridership on the *Pacific Surfliner* route continues to be very strong. All three months of the quarter (January-March 2008) set ridership records for their respective months, and the route has now set new monthly records in 10 of the last 12 months. Total *Pacific Surfliner* ridership for the third quarter was 9.5 percent higher than the same quarter the previous year and was 6.2 percent above the Business Plan projection. High gasoline prices and increasing congestion are contributing to the continuing ridership increase. Also Easter in 2008 fell in March, while in 2007 it was in April.

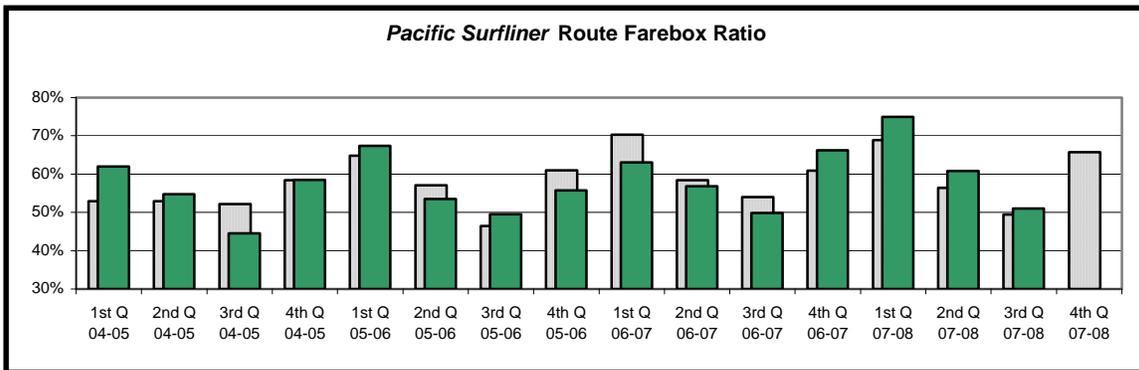


On-time performance (OTP) in the third quarter was 76.3 percent, 1.9 percentage points below the third quarter of the previous year and 8.7 percentage points below the Business Plan projection of 85 percent. While OTP has improved over time, traffic congestion (freight and passenger) continues to be the leading cause of delays, particularly on the almost entirely single track Metrolink/Union Pacific line north of Los Angeles.

OTP on the north portion of the route, between Los Angeles and San Luis Obispo, was 77.8 percent, and between Los Angeles and San Diego, 75.9 percent. The decline in OTP between Los Angeles and San Diego is attributed to a number of fatal accidents and mechanical problems on equipment, both by Amtrak and other users of the corridor.



Farebox ratio in the third quarter increased by 1.2 percentage points to 51.0 percent and was at the highest level since at least 2000-01. The farebox ratio was 1.5 percentage points above the Business Plan projection of 49.5 percent. Revenue for the third quarter increased 17.0 percent compared to the same quarter the previous year, primarily due to increased ridership, and was 12.3 percent above the Business Plan projection. Expenses over the same quarter increased 14.3 percent, compared with the previous year, and were 8.9 percent above the Business Plan projection.



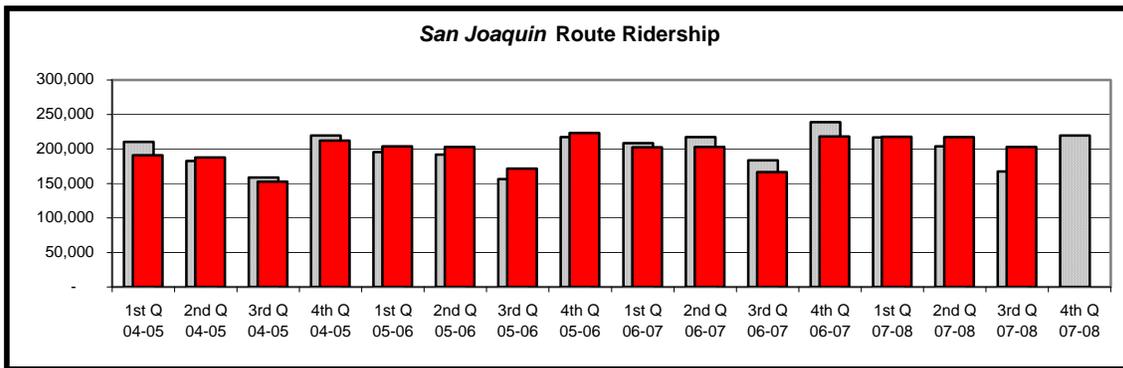
The table below provides data on ridership, revenues, expenses, farebox ratio and on-time performance.

| State-Supported Amtrak California Services - 3rd Quarter 07-08 | | | | | | | |
|---|-----------------------|---------------|--------------|----------------|----------------------------------|------------------------|--------------------|
| Pacific Surfliner Route | | | | | | | |
| | ACTUAL RESULTS | | | | BUSINESS PLAN PROJECTIONS | | |
| | 3rd Qtr 07-08 | 3rd Qtr 06-07 | Difference | Percent Change | 3rd Qtr 07-08 | Difference From Actual | Percent Difference |
| Ridership | 656,439 | 599,412 | 57,027 | 9.5% | 617,969 | 38,470 | 6.2% |
| Revenue | \$ 11,553,929 | \$ 9,874,396 | \$ 1,679,533 | 17.0% | \$ 10,287,331 | \$ 1,266,598 | 12.3% |
| Expense | \$ 22,634,415 | \$ 19,808,567 | \$ 2,825,848 | 14.3% | \$ 20,792,483 | \$ 1,841,932 | 8.9% |
| Farebox Ratio | 51.0% | 49.8% | 1.2% | | 49.5% | 1.5% | |
| OTP-Route | 76.3% | 78.2% | -1.9% | | 85.0% | -8.7% | |
| OTP-North | 77.8% | 76.5% | 1.3% | | | | |
| OTP-South | 75.9% | 81.7% | -5.9% | | | | |

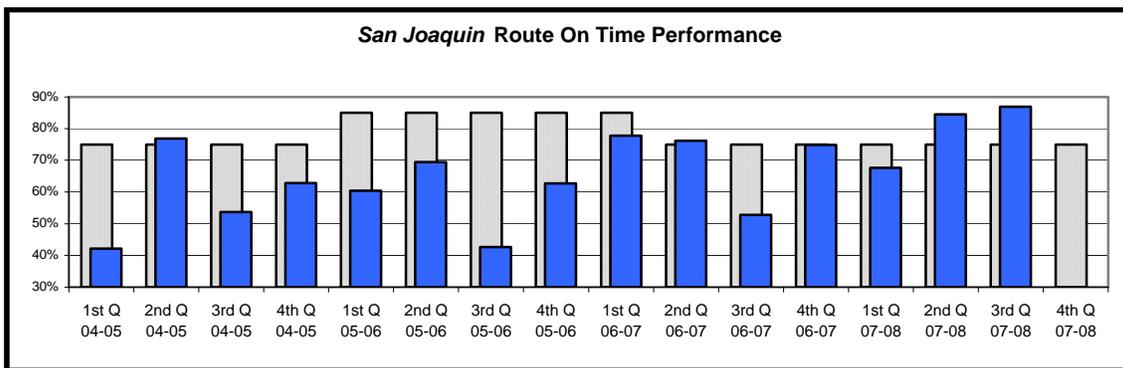
San Joaquin Route

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

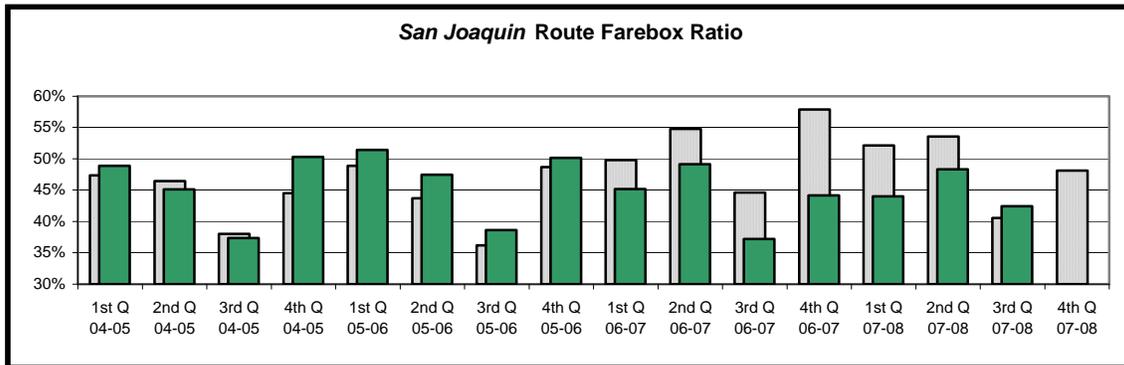
Ridership on the *San Joaquins* for the third quarter was an impressive 21.8 percent above the same period the prior year and 21.2 percent above the Business Plan projection. Ridership records were set in each of the three months of the quarter. Also, ridership increased at a higher rate than the rate of increase on the Amtrak system short distance routes. This strong ridership showing is likely the result of high gasoline prices and the impressive increase in on time performance. As well, Easter fell in March this year which influenced ridership.



On-time performance (OTP) in the third quarter was 86.9 percent, a 34.1 percentage point increase over the same quarter in 2006-07, and 11.9 percentage points above the Business Plan projection of 75 percent. Improved OTP was due to the operating railroad handling the trains in a timely manner, lack of significant trackwork projects that would interfere with scheduled operation, and a reduction in freight traffic due to the slowdown in the economy. In addition, two track projects were recently completed. They were the Calwa-Bowles double track project (7.7 miles) and the Escalon siding extension (2.0 miles). Both of these projects had positive effects on OTP.



Farebox ratio in the third quarter increased to 42.5 percent, 5.3 percentage points above the same period of the previous year and was at the highest level since 2000-01. The farebox ratio was 1.9 percentage points above the Business Plan projection of 40.6 percent. Revenue for the third quarter increased 22.4 percent compared to the previous year and was 11.5 percent above the Business Plan projection. Expenses increased 7.3 percent compared with the previous year and were 6.6 percent above the Business Plan projection.



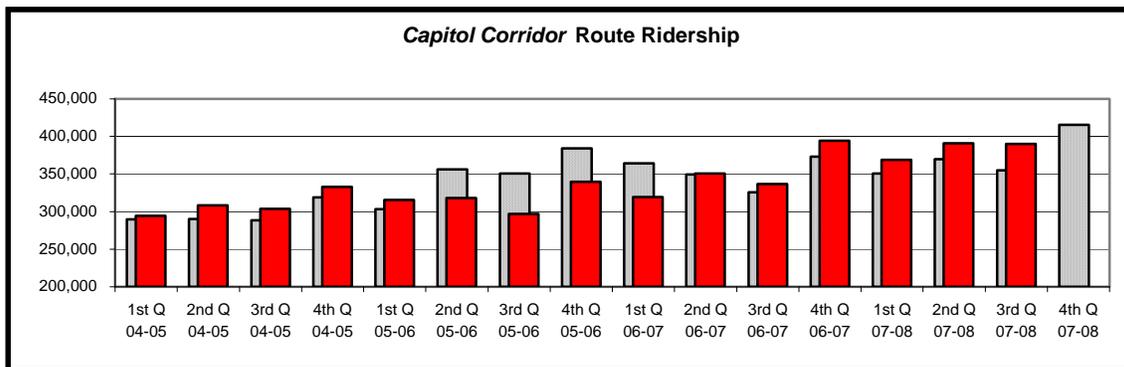
The table below provides data on ridership, revenues, expenses, farebox ratio and on-time performance.

| State-Supported Amtrak California Services - 3rd Quarter 07-08 | | | | | | | |
|---|-----------------------|---------------|--------------|----------------|----------------------------------|------------------------|--------------------|
| San Joaquin Route | | | | | | | |
| | ACTUAL RESULTS | | | | BUSINESS PLAN PROJECTIONS | | |
| | 3rd Qtr 07-08 | 3rd Qtr 06-07 | Difference | Percent Change | 3rd Qtr 07-08 | Difference From Actual | Percent Difference |
| Ridership | 202,968 | 166,588 | 36,380 | 21.8% | 167,460 | 35,508 | 21.2% |
| Revenue | \$ 6,783,456 | \$ 5,540,361 | \$ 1,243,095 | 22.4% | \$ 6,082,431 | \$ 701,025 | 11.5% |
| Expense | \$ 15,979,604 | \$ 14,887,081 | \$ 1,092,523 | 7.3% | \$ 14,989,898 | \$ 989,706 | 6.6% |
| Farebox Ratio | 42.5% | 37.2% | 5.3% | | 40.6% | 1.9% | |
| On-Time Performance | 86.9% | 52.8% | 34.1% | | 75.0% | 11.9% | |

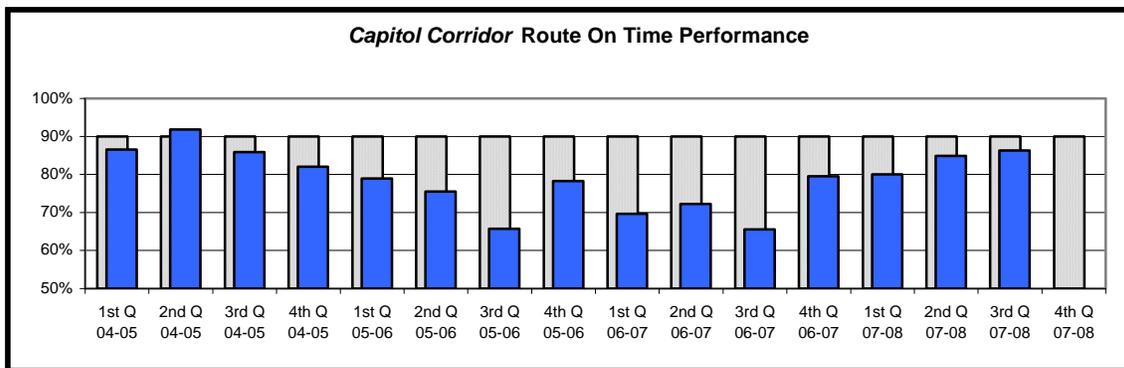
Capitol Corridor

Currently on the *Capitol Corridor*, 16 weekday round-trips operate between Oakland and Sacramento with seven extending through to/from San Jose. Weekend service includes 11 Sacramento-Oakland round-trips, with an additional seven round-trips extending to San Jose. One round-trip each day runs to and from Auburn.

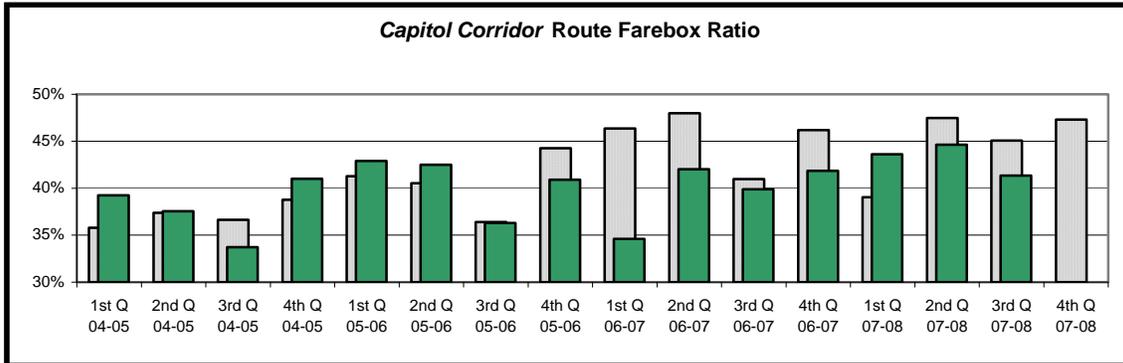
Ridership on the *Capitol Corridor* continues to grow steadily, and with the increase in service, new monthly records were set in all three months of the third quarter. The route has now set new monthly records in each of the last 18 months. Ridership has also increased at a higher rate than the rate at which ridership increased on all Amtrak short-distance routes. Total ridership in the third quarter increased 15.8 percent compared to the same period the year before and was 9.9 percent above the quarter’s projection in the Business Plan. Strong ridership is likely the result of higher gasoline prices, improved OTP, and increased trip options resulting from frequencies added in August 2006.



On-time performance (OTP) improved significantly to 86.3 percent, 20.7 percentage points above the comparable quarter the previous year. However, it was 3.7 percentage points below the Capitol Corridor Business Plan projection of 90 percent. This marked the best quarterly OTP in eleven quarters. The improvement in OTP can be attributed to the operating railroad, Union Pacific, modifying their dispatching to limit freight train interference with the *Capitol Corridor* trains, including operating some trains at night when there is no conflicting passenger train moves.



Farebox ratio in the third quarter increased 1.5 percentage points to 41.3 percent and was at the highest level since at least 2000-01. The farebox ratio was 3.8 percentage points below the Business Plan projection. Revenue for the third quarter increased 30.2 percent compared to the same quarter the previous year and was 21.6 percent higher than the Business Plan projection. Expenses increased 25.6 percent compared with the same quarter the previous year and was 32.6 percent higher than the Business Plan projection.



The table below provides data on ridership, revenues, expenses, farebox ratio and on-time performance.

| State-Supported Amtrak California Services - 3rd Quarter 07-08 | | | | | | | |
|---|-----------------------|---------------|--------------|----------------|----------------------------------|------------------------|--------------------|
| Capitol Corridor | | | | | | | |
| | ACTUAL RESULTS | | | | BUSINESS PLAN PROJECTIONS | | |
| | 3rd Qtr 07-08 | 3rd Qtr 06-07 | Difference | Percent Change | 3rd Qtr 07-08 | Difference From Actual | Percent Difference |
| Ridership | 389,745 | 336,598 | 53,147 | 15.8% | 354,618 | 35,127 | 9.9% |
| Revenue | \$ 5,592,749 | \$ 4,294,478 | \$ 1,298,271 | 30.2% | \$ 4,598,310 | \$ 994,439 | 21.6% |
| Expense | \$ 13,531,162 | \$ 10,770,760 | \$ 2,760,402 | 25.6% | \$ 10,203,339 | \$ 3,327,823 | 32.6% |
| Farebox Ratio | 41.3% | 39.9% | 1.5% | | 45.1% | -3.8% | |
| On-Time Performance | 86.3% | 65.6% | 20.7% | | 90.0% | -3.7% | |

Future Progress Report on Implementation of State Rail Plan Goals

The Commission at its January meeting provided advice and consent on the draft 2007-08 to 2017-18 California State Rail Plan. The consent resolution states that the Department will report to the Commission on its progress in meeting a number of goals in the State Rail Plan:

WHEREAS, the Department has also agreed to report on its progress in implementing its State Rail Plan:

- By May 31, 2008 regarding limited express service between San Diego and Los Angeles;
- Semi-annually on investigating the provision of internet access on intercity rail trains;
- Semi-annually on working with SANDAG to identify a suitable place for a layover facility;
- Quarterly on meeting its short-term, intermediate-term, intermediate-to long-term, and long-term goals for its passenger rail element and freight rail element.

The Department has prepared a letter to the CTC reporting on its investigations into the provision of wireless internet service on intercity trains. In addition, the Department is preparing a letter to the Commission on the subject of express train service between San Diego and Los Angeles.

The Department will commence reporting on a quarterly basis on progress in meeting the State Rail Plan goals in its first quarterly report for 2008-09 (July-September 2007). 2008-09 is the first year of the 10-year planning period of the State Rail Plan.