

## Memorandum

# Tab 66

**To:** CHAIR AND COMMISSIONERS  
CALIFORNIA TRANSPORTATION COMMISSION

**CTC Meeting:** October 8, 2014

**Reference No.:** 2.6d.  
Action Item

**From:** NORMA ORTEGA  
Chief Financial Officer

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Division of Rail and  
Mass Transportation

**Subject:** FINANCIAL ALLOCATION FOR FISCAL YEAR 2014-15 INTERCITY RAIL OPERATIONS AND FEEDER BUS SERVICES RESOLUTION MFP-14-04

### RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve Resolution MFP-14-04 resolution allocating \$86,891,000 of Public Transportation Account (PTA) funds for support of the Department's intercity passenger rail and feeder bus services on the Pacific Surfliner and San Joaquin routes for Fiscal Year (FY) 2014-15.

### PROJECT DESCRIPTION:

RECIPIENT: California Department of Transportation

FUNDED ACTIVITY: Department contracts for intercity passenger rail and feeder bus services with Amtrak. \$86,891,000 from the PTA will support the cost to operate passenger service on the two State administered intercity rail routes in FY 2014-15 as follows:

- \$44,287,000 for the Pacific Surfliner Route (11 San Diego-Los Angeles daily round-trips, and five Los Angeles-Santa Barbara daily round-trips with two trips continuing to San Luis Obispo, plus three Amtrak Thruway bus routes).
- \$42,604,000 for the San Joaquin Route (four Bakersfield-Stockton-Oakland daily round-trips, and two Bakersfield-Stockton-Sacramento daily round-trips, plus 13 Amtrak Thruway bus routes).

**BACKGROUND:**

**Department Administration of Intercity Rail Services -**

Pursuant to Section 99316 of the Public Utilities Code, the Commission has responsibility for allocating intercity rail operating support funds that are appropriated to the Department for this purpose. Chapter 263 of the Statutes of 1996 (Senate Bill 457, Kelly) added Government Code Section 14031.8 and specifies that the Secretary of the Business, Transportation, and Housing Agency shall allocate intercity rail operating funds routes that are administered by a local joint powers board. On July 1, 1998, the Capitol Corridor Joint Powers Authority assumed responsibility for administration of the Capitol Corridor. On July 1, 2013 the Business, Transportation and Housing Agency became the California State Transportation Agency (CalSTA). Thus, the Secretary of CalSTA is responsible for allocating funds for that route.

On a quarterly basis, the Department provides the Commission financial, ridership and on-time performance information for all three routes. Information included in this document for the Capitol Corridor is for the purpose of comparison with the two State-managed routes.

**Financial Projections for FY 2014-15**

On March 31, 2014, Amtrak provided financial projections for FFY 2014-15, stating that the total state support required for the October 2014-September 2015 time period to be \$123,073,050. The budget request for FY 2014-15 was made based on these projections. The Capitol Corridor provided a revision to their operating estimate in June. Those projections are shown below.

<b>FY 2014-15 State-Supported Intercity Rail Routes Projected Financial Performance (\$ in thousands)</b>						
	Total Expenses	Passenger Reveue	Operating Loss	Amtrak Credits	Allocation Request	Farebox Ratio
Pacific Surfliner	\$118,608	\$71,672	\$46,653	\$2,366	<b>\$44,287</b>	61%
San Joaquin	\$87,099	\$42,232	\$44,867	\$2,263	<b>\$42,604</b>	51%
Capitol Corridor	<u>\$61,083</u>	<u>\$28,487</u>	<u>\$32,596</u>	=	<b><u>\$32,596</u></b>	<u>48%</u>
Totals	\$266,507	\$142,391	\$124,116	\$4,629	<b>\$119,487</b>	54%

The funded appropriation for the FY 2014-15 Budget is \$119,487,000. The funding request from the Capitol Corridor will be funded. However, there are existing credits with Amtrak that will cover the difference between the operating loss and the funding from the FY 2014-15 Budget for the Pacific Surfliner and San Joaquin Routes, and operations will be fully funded.

**Intercity Rail Appropriation in the FY 2014-15 Budget:**

Provision 1 of Item 2660-001-0046 of the FY 2014-15 Budget appropriates \$119,487,000 in PTA funds for intercity rail services. (The amounts for each route are not specified in the Budget.) The appropriation amount is based on Amtrak’s contract estimates for the State cost to operate rail services on the Pacific Surfliner, San Joaquin, and Capitol Corridor routes. The table below shows how these funds will be distributed among the three routes.

<b>FY 2014-15 Budget Appropriation (Item 2660-001-0046) For State-Supported Intercity Rail Routes</b>	
<b>ROUTE</b>	<b>PTA FUNDS</b>
Pacific Surfliner	\$44,287,000
San Joaquin	\$42,604,000
<b>Allocation Request</b>	<b>\$86,891,000</b>
Capitol Corridor	\$32,596,000
<b>Budget Total</b>	<b>\$119,487,000</b>

**Allocation Amount:**

**Pacific Surfliner and San Joaquin Routes-**

The Department is requesting an allocation of \$86,891,000 for the Pacific Surfliner and San Joaquin routes from the FY 2014-15 Budget. This allocation request will fund service on the two routes for Federal Fiscal Year (FFY) 2014-15 (October 2014 – September 2015). The table on the following page compares the funds requested in FY 2014-15 to those allocated in FY 2013-14 and FY 2012-13.

On October 16, 2008, the Passenger Rail Investment and Improvement Act (PRIIA) of 2008 became law. Under the provisions of PRIIA Section 209, all short-distance Amtrak corridor services (of no more than 750 miles between end points) must become state-supported routes and states must pay the proportional costs associated with their respective corridor routes.

In previous years the Pacific Surfliner corridor was 30 percent funded by Amtrak. With the implementation of PRIIA Section 209, the Department became responsible for 100 percent of the Pacific Surfliner corridor funding. Included with PRIIA 209 are additional capital equipment expenses for the Pacific Surfliner and San Joaquin corridors. These costs have been the catalyst for the increase in state support over the past two years.

**Trends in State Costs-**

As reflected in the table below, combined State costs in FY 2014-15 for anticipated services on the San Joaquin and Pacific Surfliner routes are projected to be \$86,891,000.

<b>FY 2012-13 through FY 2014-15                      State Costs for State Supported Intercity Rail Routes                      (\$ in thousands)</b>			
ROUTE	FY 2012-13 (Allocation)	FY 2013-14 (Allocation)	FY 2014-15 (Current request)
Pacific Surfliner	\$29,423	\$36,819	\$44,287
San Joaquin	\$31,814	\$42,447	\$42,640
<b>State-Administered Routes - Totals</b>	<b>\$61,237</b>	<b>\$79,266</b>	<b>\$86,891</b>
Capitol Corridor	\$29,110	\$29,681	\$32,596
<b>All Routes - Totals</b>	<b>\$90,347</b>	<b>\$108,947</b>	<b>\$119,487</b>

**Allocation Transfer Between Routes-**

The Commission has recognized in its allocation resolutions for prior years that actual expenditures by route may differ from the estimates provided in the allocation request. Thus, as in prior years, the Department requests the Commission grant the authority to transfer between the Pacific Surfliner and San Joaquin State-administered routes up to 10 percent of the amount allocated to each route, based upon actual expenditures or emergency situations. The Commission must approve all changes above 10 percent prior to expenditure.

Attachment

## **CALIFORNIA TRANSPORTATION COMMISSION**

### **Commission Allocation Approval Fiscal Year (FY) 2014-15 Amtrak (Intercity Rail) Operating Support**

#### **Resolution MFP-14-04**

- 1.1 WHEREAS, under Section 99316 of the Public Utilities Code, the California Transportation Commission (Commission) has responsibility for allocating intercity rail operating funds that are appropriated to the California Department of Transportation (Department) for State-administered intercity rail routes; and
- 1.2 WHEREAS, Provision 1 of Item 2660-001-0046 of the Budget Act of 2014-15 appropriates \$119,487,000 of Public Transportation Account (PTA) funds for intercity rail services; and
- 1.3 WHEREAS, Government Code Section 14031.8 specifies that the Secretary of the California State Transportation Agency shall allocate intercity rail operating funds to those intercity rail routes administered by a local joint powers board. On July 1, 1998, the Capitol Corridor Joint Powers Agency assumed responsibility for administration of the Capitol Corridor. Thus, the Commission does not allocate funds for that route; and
- 1.4 WHEREAS, \$32,596,000 in budgeted funds are reserved for the Capitol Corridor, and the remaining \$86,891,000 in budgeted funds are reserved for the San Joaquin and Pacific Surfliner routes; and
- 1.5 WHEREAS, the composite farebox ratio for the three State-administered routes is projected at 54 percent (revenues/total operating expense), while the farebox ratio for the Pacific Surfliner Route is projected at 61 percent, the San Joaquin Route at 51 percent, and the Capitol Corridor at 48 percent; and
- 1.6 WHEREAS, the Commission recognizes that actual expenditures on the Pacific Surfliner and San Joaquin routes may differ from current estimates. For changes of 10 percent or less, the Department has total flexibility to transfer funds between the Pacific Surfliner and San Joaquin routes; changes above 10 percent must be approved by the Commission prior to expenditure. Transfers can be made based upon actual expenditures or emergency situations.

2.1 NOW, THEREFORE, BE IT RESOLVED, that a total of \$86,891,000 be allocated to the Department for intercity rail and feeder bus services with Amtrak, as follows:

Pacific Surfliner Route	\$44,287,000
<u>San Joaquin Route</u>	<u>\$42,604,000</u>
<b>TOTAL</b>	<b>\$86,891,000</b>

2.2 BE IT FURTHER RESOLVED, that authority is delegated to the Department to transfer funds between the Pacific Surfliner and San Joaquin routes if the changes are less than or equal to 10 percent; and

2.3 BE IT FURTHER RESOLVED, changes above 10 percent must be approved by the Commission prior to expenditure.