

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: October 24, 2012

Reference No.: 2.6d.
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Chief
Division of Rail

Subject: **FINANCIAL ALLOCATION FOR FISCAL YEAR 2012-13 INTERCITY RAIL OPERATIONS AND FEEDER BUS SERVICES RESOLUTION MFP-12-03**

RECOMMENDATION:

The California Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve the attached resolution allocating \$61,236,709 of Public Transportation Account (PTA) funds for support of the Department's intercity rail and feeder bus services on the Pacific Surfliner and San Joaquin routes for Fiscal Year (FY) 2012-13.

Project Description

RECIPIENT: California Department of Transportation

FUNDED ACTIVITY: Department intercity passenger rail and feeder bus services with Amtrak. \$61,236,709 from the PTA will support the costs of Amtrak contracted service on the two State administered intercity rail routes in FY 2012-13 as follows:

- \$29,422,883 for the Pacific Surfliner Route (eleven San Diego-Los Angeles daily round-trips and five Los Angeles-Santa Barbara daily round-trips with two of these trips continuing to San Luis Obispo, plus three Amtrak Thruway bus routes).
- \$31,813,826 for the San Joaquin Route (four Bakersfield-Stockton-Oakland daily round-trips, and two Bakersfield-Stockton-Sacramento daily round-trips, plus thirteen 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 funds for intercity rail operating support that are appropriated to the Department for this purpose. Chapter 263 of the Statutes of 1996 (SB 457, Kelly) added Section 14031.8 to the Government Code and specifies that the Secretary of the Business, Transportation, and Housing (BTH) 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 Authority assumed responsibility for administration of the Capitol Corridor. Thus, the Secretary of BTH is responsible for allocating funds for that route.

Information is provided in this document on the Capitol Corridor, for purposes of comparison to the other two routes. Additionally, on a quarterly basis, the Department provides the Commission financial, ridership and on-time performance information for all three routes.

Intercity Rail Appropriation in the FY 2012-13 Budget

Provision 1 of Item 2660-001-0046 of the FY 2012-13 Budget (Budget) appropriates \$90,347,027 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 State costs for 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.

FY 2012-13 Budget Appropriation (Item 2660-001-0046) For State-Supported Intercity Rail Routes	
ROUTE	PTA FUNDS
Pacific Surfliner	\$29,422,883
San Joaquin	\$31,813,826
Allocation Request Subtotal	\$61,236,709
Capitol Corridor	\$29,110,318
Budget Total	\$90,347,027

Allocation Amount

Pacific Surfliner and San Joaquin Routes

The Department is requesting an allocation of \$61,236,709 for the Pacific Surfliner and San Joaquin routes from the Budget. This allocation request will fund service on the two routes for Federal Fiscal Year 2012-13 (October 2012 – September 2013). The table on the following page compares the funds requested in FY 2012-13 to those allocated in FY 2010-11 and FY 2011-12.

Trends in State Costs

As reflected in the table below, combined State costs in FY 2012-13 for anticipated services on the San Joaquin and Pacific Surfliner routes are projected to be \$61,236,709. Total costs on all three routes have remained at \$90.3 million in FY 2010-11, FY 2011-12 and FY 2012-13. The amount for each route has changed only slightly in FY 2012-13 when compared to FY 2011-12.

FY 2010-11 through FY 2012-13 State Costs for State Supported Intercity Rail Routes (\$ in thousands)			
ROUTE	FY 2010-11 (Allocation)	FY 2011-12 (Allocation)	FY 2012-13 (Current request)
Pacific Surfliner	\$27,590	\$28,953	\$29,423
San Joaquin	\$33,575	\$31,788	\$31,814
State-Administered Routes -Totals	\$61,165	\$60,741	\$61,237
Capitol Corridor	\$29,182	\$29,606	\$29,110
All Routes - Totals	\$90,347	\$90,347	\$90,347

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 San Joaquin and Pacific Surfliner 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 changes above 10 percent prior to expenditure.

Financial Performance of Routes

The table on the following page shows the projected financial performance of the three State-supported routes. Total expenses for State-supported services less revenues from passengers (ticket revenue plus food and beverage revenues) equal the net operating loss of services. For the three State-supported intercity routes, Amtrak anticipates total operating expenses of \$211.7 million and revenues of \$121.4 million. The composite farebox ratio for the three State-supported routes is projected at 57 percent. (Farebox ratio equals revenues divided by total operating expense.) The farebox ratio for the Pacific Surfliner Route is projected at 60 percent, the San Joaquin Route at 58 percent and the Capitol Corridor at 52 percent.

Funding has been reserved for minor capital costs, but is not included in the appropriation for State-supported intercity rail routes.

FY 2012-13 State-Supported Intercity Rail Routes Projected Financial Performance (\$ in thousands)				
	TOTAL EXPENSES	PASSENGER REVENUES	NET LOSS (STATE SUPPORT)	FAREBOX RATIO ²
Pacific Surfliner ¹	\$77,052	\$45,858	\$29,423	60%
San Joaquin	\$76,281	\$43,967	\$31,814	58%
Capitol Corridor	\$60,637	\$31,526	\$29,110	52%
TOTAL	\$213,970	\$121,351	\$90,347	57%

¹ Excludes Amtrak 30 percent basic system share of route.

² Minor capital expenses and carry-over credits are not included in the calculation of the farebox ratio.

Attachment

CALIFORNIA TRANSPORTATION COMMISSION

Commission Allocation Approval Fiscal Year (FY) 2012-13 Amtrak (Intercity Rail) Operating Support

Resolution MFP-12-03

- 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 2012-13 appropriates \$90,347,027 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 Business, Transportation and Housing 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, \$29,110,318 in budgeted funds are reserved for the Capitol Corridor, and the remaining \$61,236,709 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 57 percent (revenues/total operating expense), while the farebox ratio for the Pacific Surfliner Route is projected at 60 percent, the San Joaquin Route at 58 percent, and the Capitol Corridor at 52 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 \$61,236,709 be allocated to the Department for intercity rail and feeder bus services with Amtrak, as follows:

Pacific Surfliner Route	\$29,422,883
<u>San Joaquin Route</u>	<u>\$31,813,826</u>
TOTAL	\$61,236,709

- 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.