

Memorandum

To: CHAIR AND MEMBERS
CALIFORNIA TRANSPORTATION COMMISSION

Date: March 20, 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 SECOND QUARTER RAIL OPERATIONS REPORT**

SUMMARY:

This is the second 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 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 2013-14 have been calculated based on a predetermined fixed dollar amount with the exception of fuel and host railroad expenses. This form of contract limits the State's financial risk. 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 results that are reported in the quarterly report 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

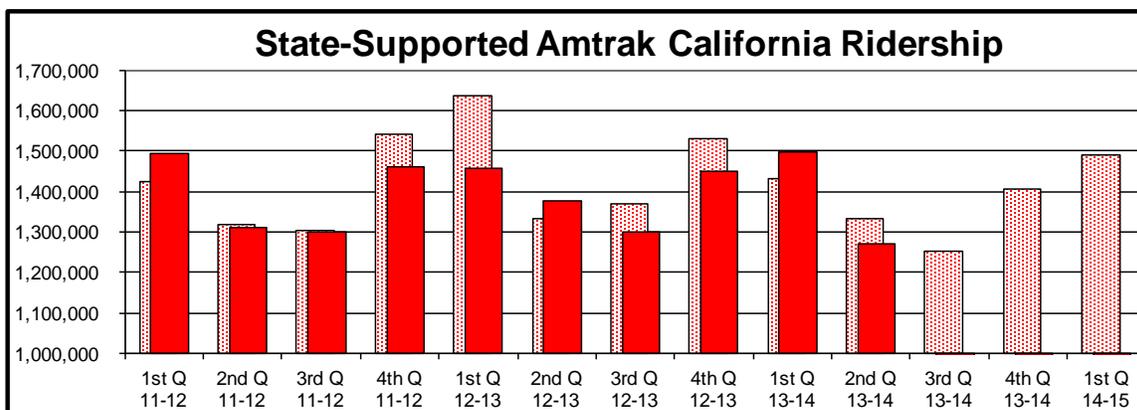
the three categories of actual expenses. This is not a traditional farebox ratio calculation of actual revenues to actual expenses.

Second Quarter Results

Although this is the second quarter of FY 2013-14, the results reported here are the first quarter of FFY 2013-14 and reflect the new operating contract with 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 or local agencies. California now assumes the full operating and capital equipment costs on all three routes.

E-ticketing is now universally used on Amtrak trains. This permits Amtrak to more accurately count passengers, and for the first time, track the actual use of multi-ride tickets. Before e-ticketing, Amtrak estimated of how many times these 10-ride and monthly pass tickets would be used, but other than the conductor noting that the passenger was utilizing one of these tickets, there was no direct accounting. After one year of the use of e-ticketing, Amtrak has discovered that the old method over counted the actual utilization of these tickets. All three routes reported ridership declines this quarter, and some of this decline is attributable to the over count in the prior year. 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 monthly passes.

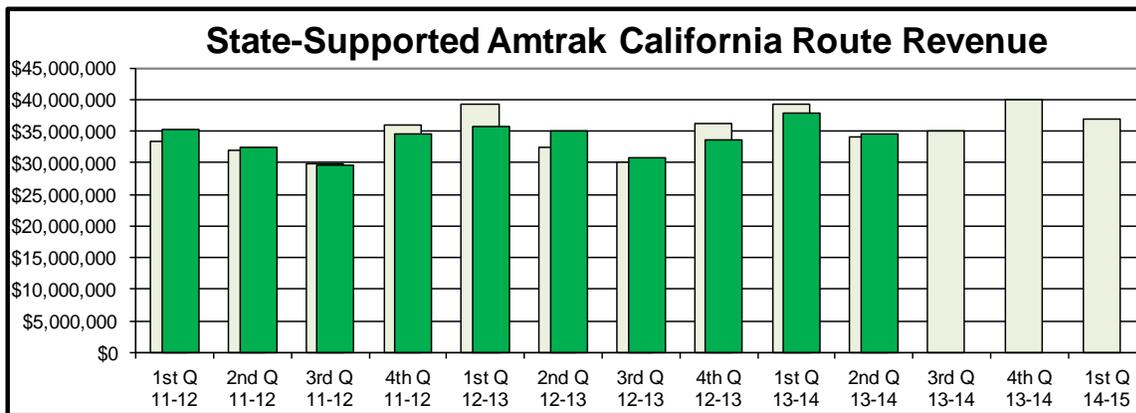
Total combined ridership during the second quarter (October-December 2013) on the three routes was below the performance goal by 4.7 percent. Actual ridership was down 7.7 percent from the comparable quarter results reported in FY 2012-13, although some of this drop is a result of the change in reporting methodology addressed above.



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

Combined on-time performance (OTP) for the second quarter was 84.7 percent, a 4.9 percentage point decline over the same quarter in FY 2012-13, and 0.7 percentage points above the combined performance goal. The *Capitol Corridor* exceeded the performance goal with over 96 percent on time operation, the *San Joaquin Route* at just under 80 percent and the *Pacific Surfliner Route* at 73 percent on time.

Overall financial results are exceeding the performance goals in all three metrics – revenue, expense and the farebox ratio. Revenue has exceeded the goal by 1.1 percent, although 1.6 percent below results from last year. Expenses were 4.6 percent lower than the goal and were 0.9 percent below last year. As a result, the farebox ratio of 60.3 percent exceeded the goal by 3.4 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 second quarter FY 2013-14.

State-Supported Amtrak California Services - 2nd Quarter 2013-14							
All Routes							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	2nd Qtr 13-14	2nd Qtr 12-13	Difference	Percent Change	2nd Qtr 13-14	Actual to Goals	Percent Difference
Ridership	1,271,127	1,377,453	(106,326)	-7.7%	1,333,889	(62,762)	-4.7%
Revenue	\$ 34,580,188	\$ 35,134,641	\$ (554,453)	-1.6%	\$ 34,198,768	\$ 381,420	1.1%
Expense	\$ 56,965,867	\$ 57,455,101	\$ (489,234)	-0.9%	\$ 59,733,465	\$ (2,767,598)	-4.6%
Farebox Ratio	60.7%	61.2%	-0.5 PP		57.3%	3.4 PP	
On-Time Performance	84.7%	89.6%	-4.9 PP		84.0%	0.7 PP	

PP - Percentage Points

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

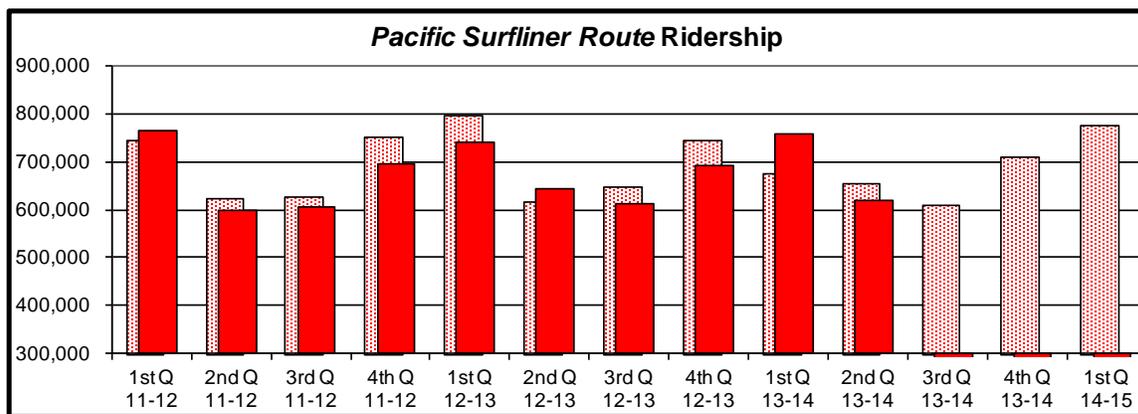
BACKGROUND:

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. With the implementation of PRIIA Section 209, the *Pacific Surfliner Route* is now entirely State funded.

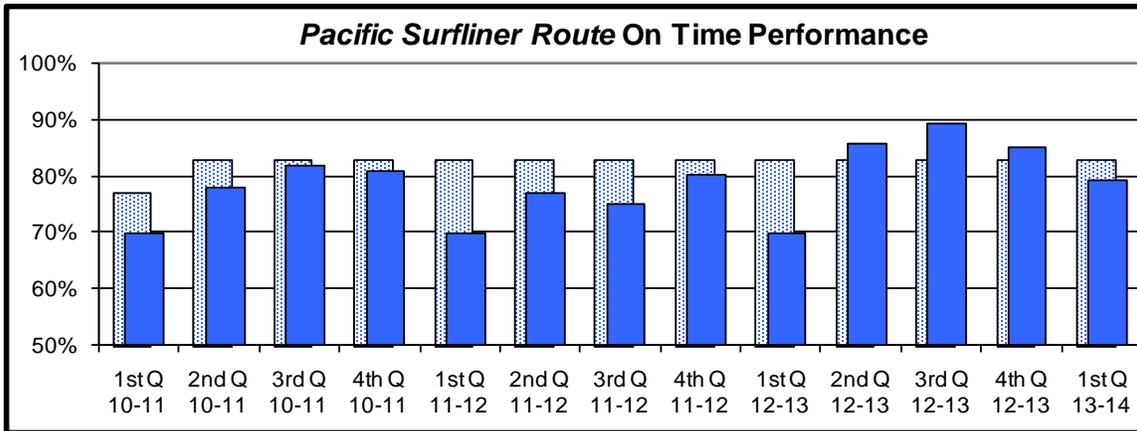
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio, and on-time performance for the quarter.

Ridership on the *Pacific Surfliner Route* decreased 3.8 percent in the second 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 5.0 percent.

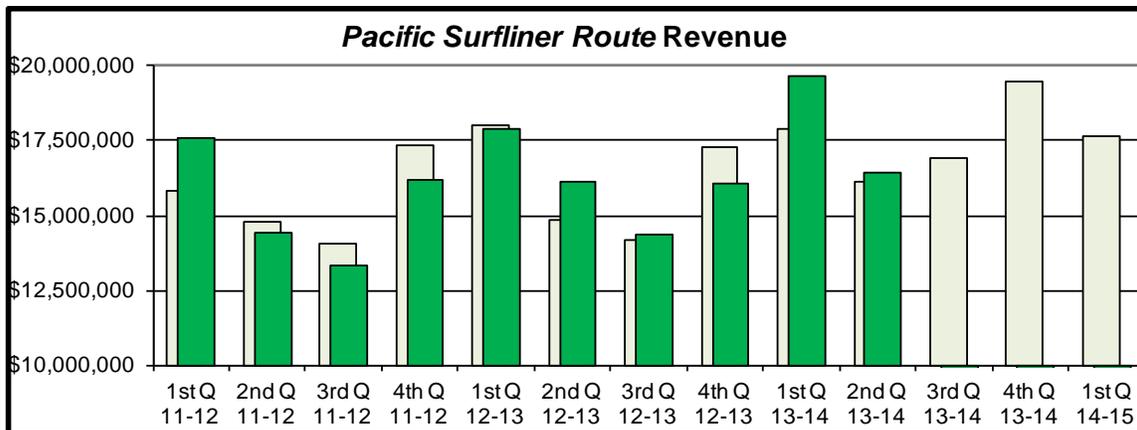


On-time performance (OTP) in the second quarter was 73.3 percent, 12.4 percentage points below the previous year’s second quarter and 9.7 percentage points below the 83 percent performance goal.

For the quarter, between Los Angeles and San Diego, OTP was 70.1 percent, a decline of 15.9 percentage points from the second 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 81.4 percent, down 4.2 percentage points from one year ago.



Farebox ratio for the quarter was 70.5 percent, 5.0 percentage points above the performance goal and 3.0 percentage points above the same period last year. Revenue in the second quarter exceeded the performance goal by 1.8 percentage points, and increased by 1.7 percent compared to the same quarter in the previous year. Expenses were 5.3 percent below the performance goal and decreased 2.6 percent over the prior year quarter.



State-Supported Amtrak California Services - 2nd Quarter 2013-14							
Pacific Surfliner Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	2nd Qtr 13-14	2nd Qtr 12-13	Difference	Percent Change	2nd Qtr 13-14	Actual to Goals	Percent Difference
Ridership	618,650	643,199	(24,549)↓	-3.8%	651,066	(32,416)↓	-5.0%
Revenue	\$ 16,406,673	\$ 16,131,600	\$ 275,073↑	1.7%	\$ 16,110,000	\$ 296,673↑	1.8%
Expense	\$ 23,272,872	\$ 23,893,239	\$ (620,367)↓	-2.6%	\$ 24,577,000	\$ (1,304,128)↓	-5.3%
Farebox Ratio	70.5%↓	67.5%↓	3.0 PP↑		65.5%↓	5.0 PP↑	
OTP-Route	73.3%↓	85.7%↓	-12.4 PP↑		83.0%↓	-9.7 PP↑	
OTP-North	81.4%↓	85.6%↓	-4.2 PP↑				
OTP-South	70.1%↓	86.0%↓	-15.9 PP↑				

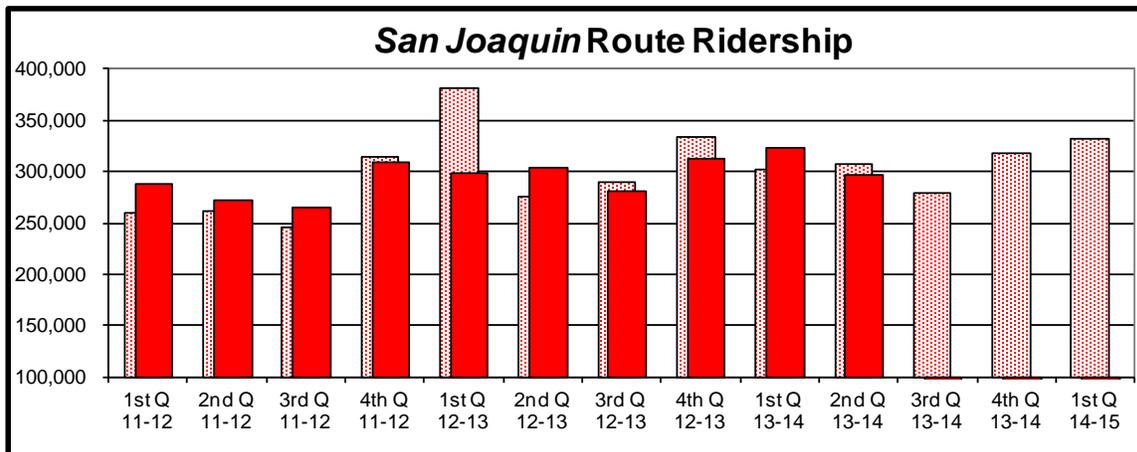
PP - Percentage Points

San Joaquin Route

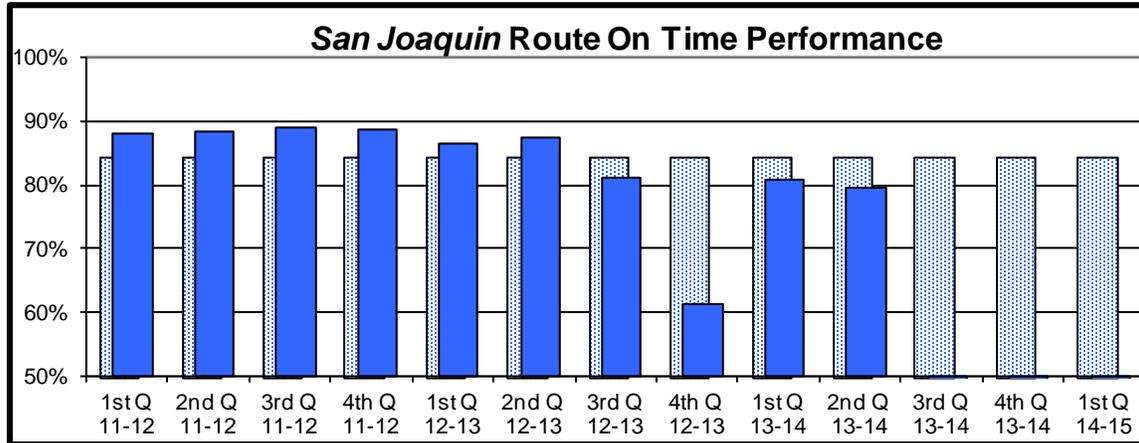
Six daily round-trips serve the *San Joaquin Route*, four operating between Oakland and Bakersfield and two between Sacramento and Bakersfield. All six round-trips have dedicated bus connections between Bakersfield, Los Angeles and other points throughout Southern California. On the north end, buses 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 2.3 percent for the quarter, partially due to the change in reporting methodology, and was 3.5 percent below the performance goal. The string of increased ridership ended with 16 consecutive quarters where ridership has increased over the same quarter in the prior year ended with this quarter’s results, however a ridership record for the month of December was set with 105,814 passengers on the route.

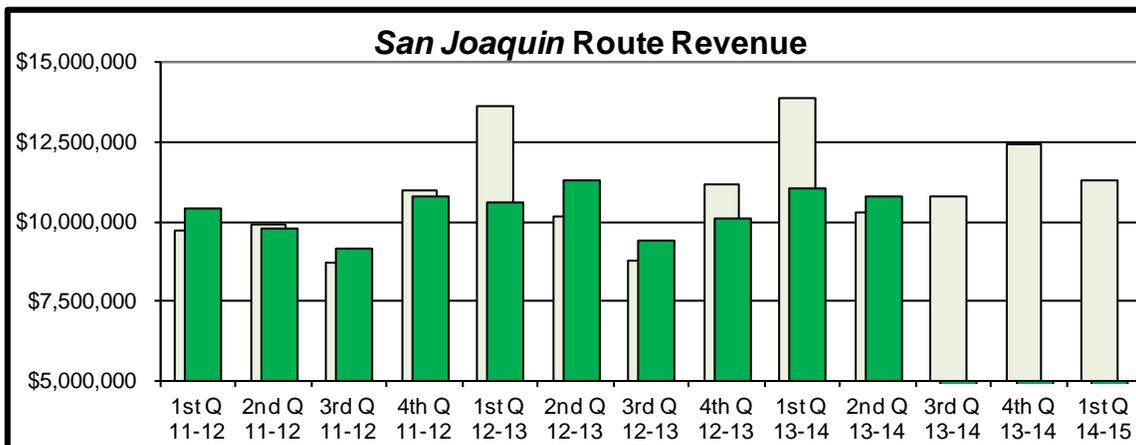
The *San Joaquin Route* is consistently exceeding one million passengers on a 12-month basis. In FY 2010-11, there were 1,032,579 passengers; in FY 2011-12, 1,133,654 passengers, and for FY 2012-13, 1,219,818 passengers rode the *San Joaquin Route*. This has been a significant achievement, considering 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 second quarter was 79.7 percent, down 7.6 percentage points from the same quarter in FY 2012-13, and is 4.3 percentage points below the performance goal of 84 percent.



Farebox ratio was 57.1 percent in the second quarter FY 2013-14, 5.7 percentage points over the performance goal. Revenues for the second quarter exceeded the goal by 4.6 percent, although decreased 4.3 percent compared to the same quarter in the previous year. Expenses were 5.8 percent lower than the projected goal, however did increase 7.9 percent from the prior year.



State-Supported Amtrak California Services - 2nd Quarter 2012-13							
San Joaquin Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	2nd Qtr 13-14	2nd Qtr 12-13	Difference	Percent Change	2nd Qtr 13-14	Actual to Goals	Percent Difference
Ridership	297,007	304,150	(7,143)	-2.3%	307,823	(10,816)	-3.5%
Revenue	\$ 10,785,694	\$ 11,267,177	\$ (481,483)	-4.3%	\$ 10,312,000	\$ 473,694	4.6%
Expense	\$ 18,892,810	\$ 17,516,330	\$ 1,376,480	7.9%	\$ 20,054,000	\$ (1,161,190)	-5.8%
Farebox Ratio	57.1%	64.3%	-7.2 PP		51.4%	5.7 PP	
On-Time Performance	79.7%	87.3%	-7.6 PP		84.0%	-4.3 PP	

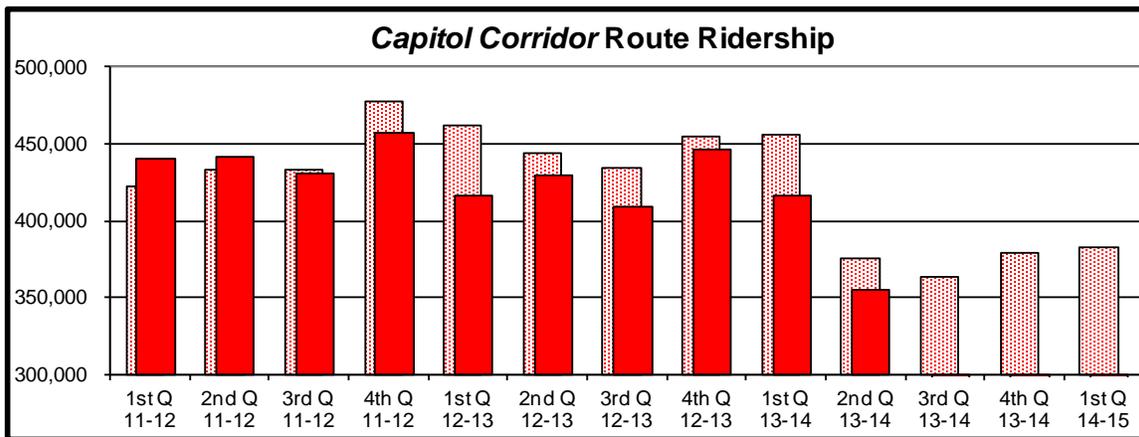
PP - Percentage Points

Capitol Corridor

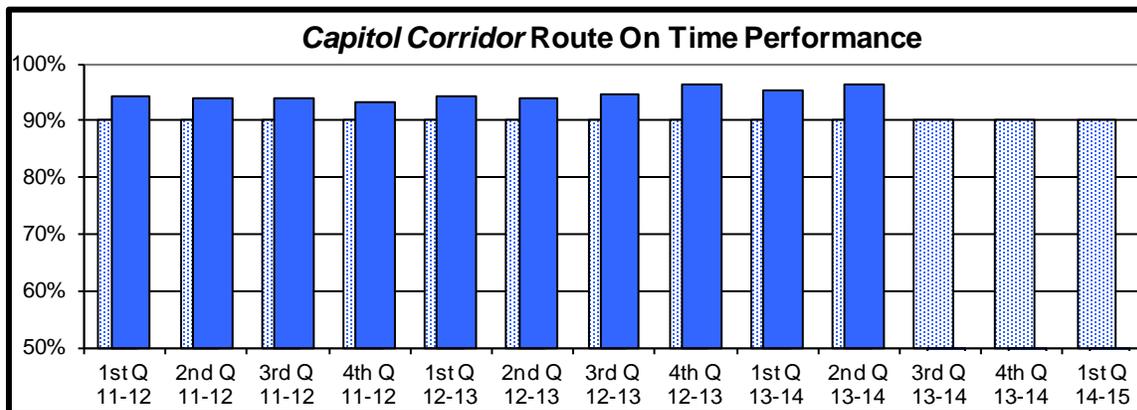
There are currently 15 weekday round trips between Oakland and Sacramento. One of the trains extends beyond Sacramento to Auburn, and seven of the trains extend beyond Oakland to San Jose. On weekends, there are 11 round-trips between Oakland and Sacramento, with one extension to Auburn and seven round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

Ridership

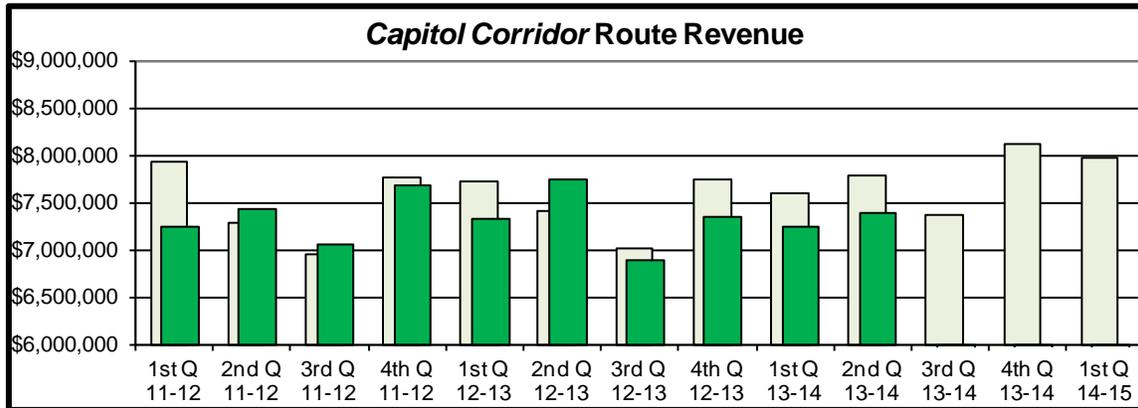
The *Capitol Corridor* is the route most affected by the implementation of e-ticketing and the change in the way passengers are identified and recorded. Because of the large number of regular riders on the route that use multi-ride tickets, the difference is most pronounced on this route. Ridership in the second quarter in FY 2013-14 resulted in a 17.4 percent ridership decrease over the ridership reported for this quarter in FY 2012-13 and fell short of the goal by 5.2 percent.



On-time performance (OTP) for the second quarter was 96.3 percent, and was 1.7 percentage points above the comparable quarter the previous year. OTP has exceeded the *Capitol Corridor* performance goal of 90 percent in 20 of the last 22 quarters, including the last 15.



Farebox Ratio for the second quarter was 49.9 percent, 1.7 percentage points above the same quarter the previous year but was 1.6 percentage points below the performance goal. Revenue for the second quarter declined 4.5 percent compared to the same quarter in the previous year and fell short of the performance goal by 5.0 percent. Expenses decreased 7.8 percent, and were 2.0 percent below the performance goal.



State-Supported Amtrak California Services - 2nd Quarter 2012-13							
Capitol Corridor							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	2nd Qtr 13-14	2nd Qtr 12-13	Difference	Percent Change	2nd Qtr 13-14	Actual to Goals	Percent Difference
Ridership	355,470	430,104	(74,634)	-17.4%	375,000	(19,530)	-5.2%
Revenue	\$ 7,387,821	\$ 7,735,864	\$ (348,043)	-4.5%	\$ 7,776,768	\$ (388,947)	-5.0%
Expense	\$ 14,800,185	\$ 16,045,532	\$ (1,245,347)	-7.8%	\$ 15,102,465	\$ (302,280)	-2.0%
Farebox Ratio	49.9%	48.2%	1.7 PP		51.5%	-1.6 PP	
On-Time Performance	96.3%	93.8%	2.5 PP		84.0%	12.3 PP	

PP - Percentage Points