

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: January 22-23, 2003

Reference No.: 4.5a.
Action Item

From: ROBERT L. GARCIA
Chief Financial Officer

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Ref: **DRAFT FEDERAL FISCAL YEAR (FFY) 2003-04 BUSINESS PLAN FOR THE SAN JOAQUIN INTERCITY RAIL CORRIDOR**

The Department of Transportation (Department) prepares the San Joaquin Business Plan in accordance with the Supplemental Report of the 2002 Budget Act that directs the Department to prepare annually by April 1, for the Legislature and the Secretary for Business, Transportation and Housing, a business plan for each intercity rail corridor it administers. These plans present the Department's short-term operational and capital plans for each corridor administered by the State for the next contract year. Long-range ten-year plans for State-supported intercity passenger rail service in California are included in the California State Rail Plan 2001-02 – 2010-11, on which the Commission provided advice and consent at its February 2002 meeting.

At the Commission's request, the Department is presenting this draft San Joaquin business plan to the Commission for review. This plan was prepared prior to the Governor's December 2002 Mid-Year Spending Reduction Proposals. The document states: "in light of the State's current fiscal situation, the Administration proposes to eliminate General Fund support for the TCRP (Traffic Congestion Relief Program) in the budget year and recapture unused General Fund in the current year." The Commission at their December meeting discussed projections of reduced transportation revenues and tabled all TCRP application proposals, amendment approvals and allocations until February. The Department will update the final business plan, to be released in April 2003, with the most current status of TCRP funded projects.

Also, this draft business plan uses the 2004-05 – 2006-07 performance measures (including assumptions about new service) that were developed by Amtrak, with the Department's concurrence, for the California State Rail Plan 2001-02 – 2010-11. Amtrak and the Department are in the process of revising these performance measures (as well as the 2003-04 measures) in light of the most up-to-date ridership and revenue data on the routes, as well as the current state fiscal situation. Revisions to these measures will be included in the final business plan.

Key elements in the Draft 2003-04 San Joaquin Route Business Plan are summarized below:

San Joaquin Route (Bay Area – Sacramento – Stockton – Los Angeles)

Capital Improvements: Subject to funding availability, the Department will continue construction on the new Oakland Maintenance Facility, and commence construction on new Stockton and Fresno stations. Also, the Department will continue construction on three key double track segment projects (Stockton to Escalon, Calwa to Bowles near Fresno and Shirley to Hanford) and continue Phase I construction on 17.6 miles of double track from Port Chicago to Oakley. Finally, the Department will work with Operation Lifesaver to improve grade crossing safety and close grade crossings where possible.

Operating Improvements: The Department will continue to refine the successful group travel program for school groups. Marketing programs will be geared to specific groups with a high likelihood of using the train, such as seniors, Hispanics, families and college students. The Department will work with Amtrak and the railroads to improve on-time performance and reliability; monitor feeder bus performance; and improve checked baggage service and use.

Performance Measures: In the prior year, FFY 2001-02, ridership of 734,236 was below the standard of 787,000 by 6.7 percent; none-the-less, ridership for 2001-02 is the highest ever for the corridor. The farebox ratio was 41.3 percent (5.8 percentage points below the standard of 47.1 percent). The lower than projected ridership is most likely the result of the downturn in the economy and reduced travel resulting from the events of September 11, 2001.

In the current year, FFY 2002-03, a ridership increase of 15.5 percent from the actual prior year ridership of 734,236 to 847,800 is projected, with revenues from passengers projected to increase by 21.5 percent to \$23,637,000. However, based on the first four months (July – October) of ridership data for 2002-03, the 2002-03 standards now appear to be optimistic, as they did not anticipate the downturn in the economy and slow ridership growth on the sixth train. In the Plan year, FFY 2003-04, ridership is projected to decrease by 4.7 percent, and revenues to decrease by 3.2 percent in order to adjust for the optimistic 2002-03 standards. As mentioned above, Amtrak is in the process of updating these projections based on the most current data.