

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 6-7, 2006

Reference No.: 3.8
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: William D. Bronte
Chief
Division of Rail

Subject: **FY 2005-06 4th QUARTER AND YEAR-END RAIL OPERATIONS REPORT**

SUMMARY

This is the Fourth Quarter and Year-End Intercity Rail Operations Report for FY 2005-06, as requested by the California Transportation Commission (Commission). The report provides information for each route on ridership, on-time performance, farebox ratio, and passenger miles per train mile measures. Data for April and May, 2006 is actual. June 2006 data is estimated by Amtrak, as actual data is not yet available.

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 Oakland, San Jose, and Sacramento and Auburn; 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. State support for the *Pacific Surfliner* and *San Joaquin* routes is 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.

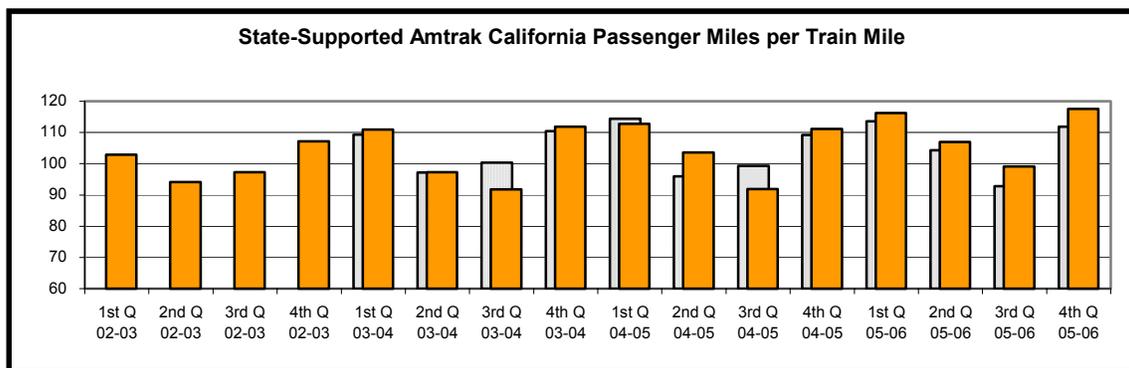
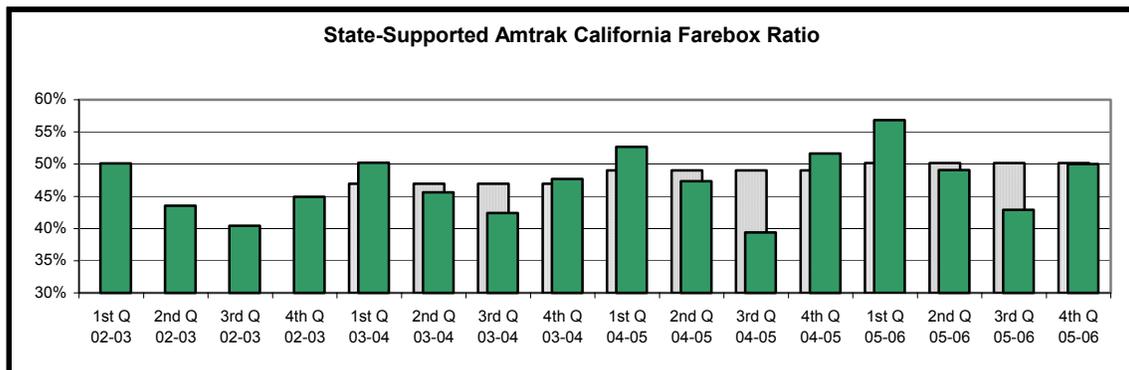
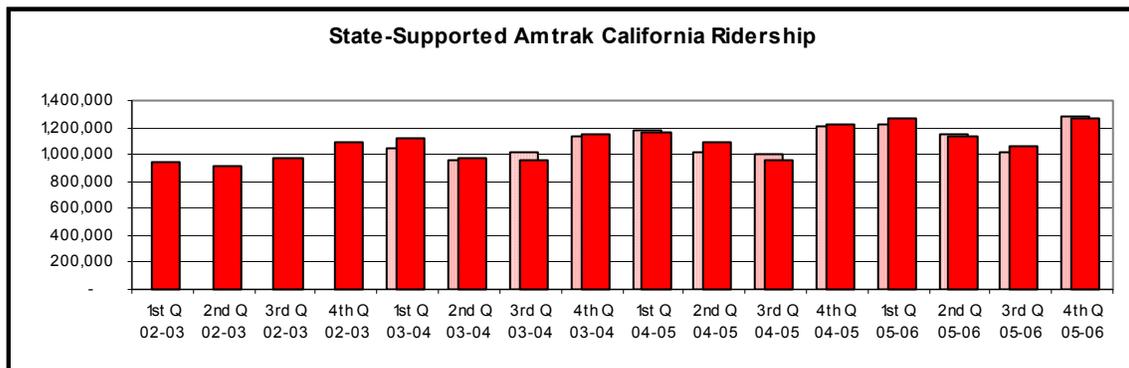
Total ridership during the fourth quarter (April-June 2006) on the three routes increased by 3.7 percent over the comparable quarter in FY 2004-05, but was 1.4 percent below the Business Plan projection for the quarter. Part of this growth can be attributed to the fact that Easter this year did not occur until April 16th, so the two-week peak travel period (April 7 thru 23, 2006) was entirely in the fourth quarter, whereas last year Easter was March 27th and the travel peak (March 18-April 3) was primarily in the third quarter. Total ridership for FY 2005-06 was 4.4 million, 7.5 percent above FY 2004-05, and was the highest ever for total route ridership.

The combined farebox ratio for the three routes decreased by 1.6 percentage points to 50 percent over the comparable quarter in FY 2004-05, matching the Business Plan projection. The combined farebox ratio for FY 2005-06 was 49.6 percent as compared to the combined FY 2004-05 farebox ratio of 47.7 percent. Overall revenue in the fourth quarter increased 12.9 percent compared with the same quarter the previous year, and was 17.2 percent higher than the Business Plan projection for the quarter. However, overall expenses increased 16.6 percent compared with the same quarter

the previous year, and were 14.5 percent higher than the Business Plan projection. About 30 percent of the expense increase was the result of steep increases in fuel costs.

Passenger Miles per Train Mile (PM/TM), a measure of the average number of passengers on board an individual train at any one time, was 117.5 for the fourth quarter of FY 2005-06, 5.7 percent above the same period the prior year and 4.9 percent above the Business Plan projection.

The following graphs depict the combined results of the three State-supported rail corridors in California. Route-specific charts are in the sections for each route that follow.



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

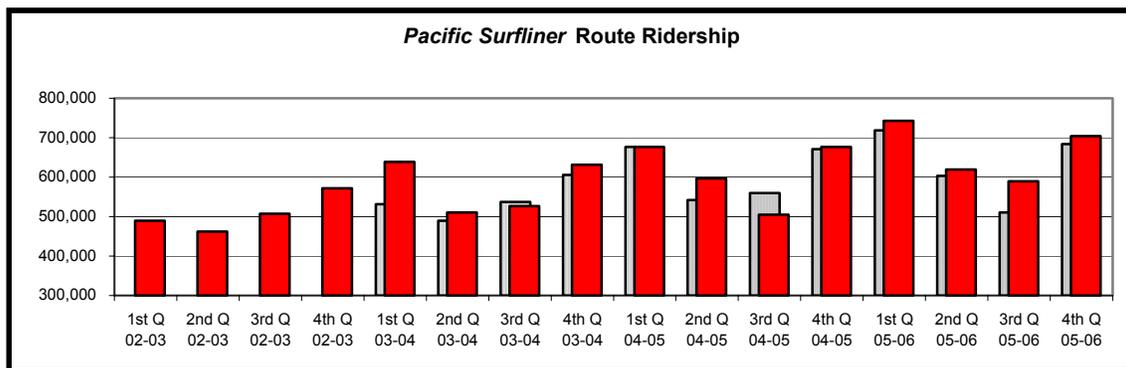
BACKGROUND

Pacific Surfliner Route

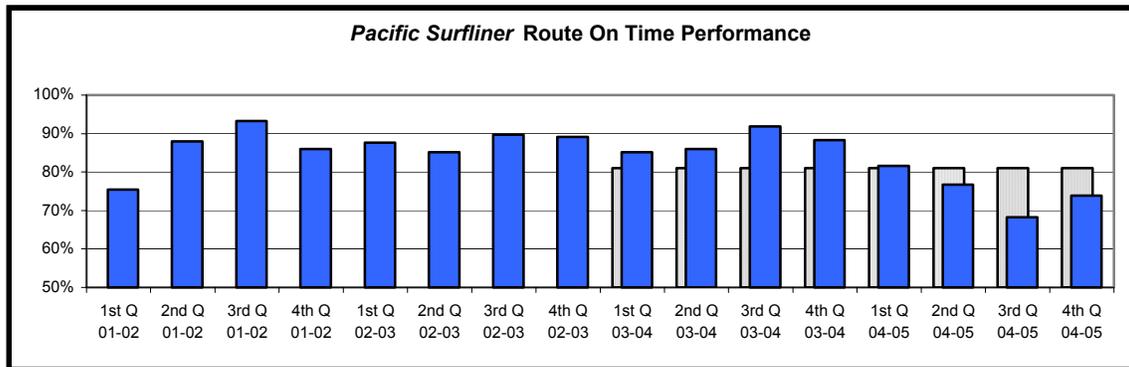
There are currently 11 weekday round-trips between Los Angeles and San Diego, four of which are through-trains between San Diego and Goleta (Santa Barbara). One of the four Santa Barbara round-trips continues north to and from San Luis Obispo. A second San Luis Obispo train, which operates only between 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 grow at a record-setting pace. All three months in the fourth quarter set ridership records for their respective months, the second consecutive quarter this has occurred. The route has now set new monthly records in 15 of the last 16 months. Total *Pacific Surfliner* ridership for the fourth quarter was 4.1 percent higher than the same quarter the previous year and 2.9 percent higher than the projection in the Business Plan.

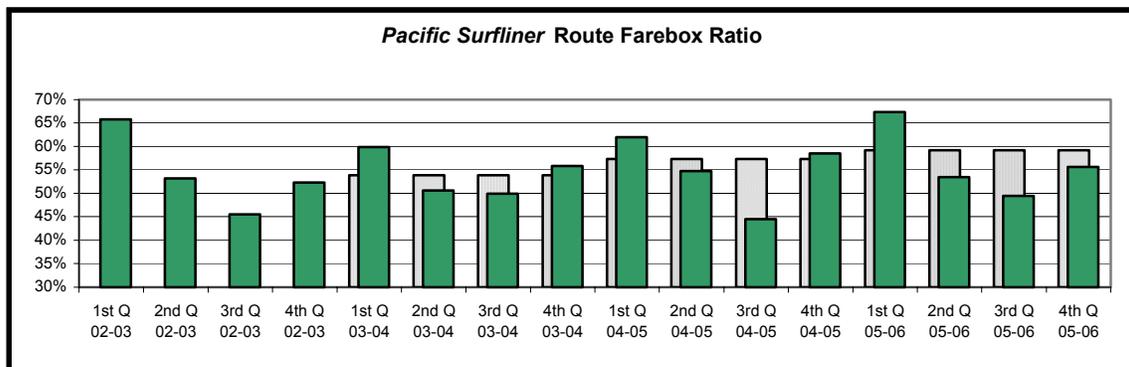
The “Rail 2 Rail” Program, in which the Department and Amtrak partner with both Metrolink and Coaster commuter rail services for the mutual honoring of tickets, continues to help spur ridership increases on all three services. Since its inception, over one million riders have taken advantage of this Program, demonstrating that the increased convenience of being able to use either of two systems at all stations from Oxnard south has made rail travel much more attractive throughout the Los Angeles basin. In addition to the “Rail 2 Rail” Program, targeted marketing to the senior and Hispanic markets is also contributing to the higher ridership and revenue on the corridor.



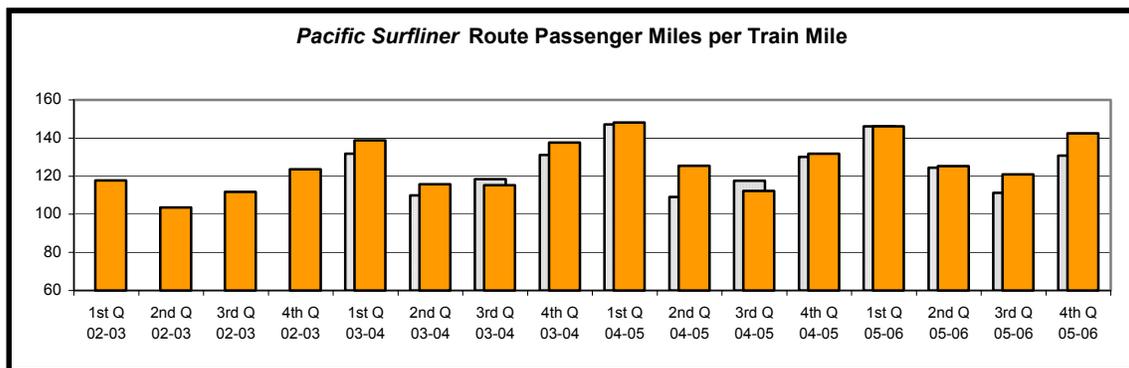
On-time performance (OTP) in the fourth quarter was 77.6 percent, 3.7 points higher than in the fourth quarter of the previous year but a decline of 0.8 points from the third quarter and 6.5 percent below the Business Plan projection of 83 percent. Traffic congestion (freight and passenger) continues to be a problem, particularly on the mostly single track Metrolink/Union Pacific line north of Los Angeles. OTP on the north end was 75.9 percent in the fourth quarter compared to 79.1 percent between Los Angeles and San Diego.



Farebox ratio decreased by 2.8 percentage points to 55.7 percent, 3.3 points below the Business Plan projection of 59 percent. Revenue for the fourth quarter increased 15.3 percent compared to the same quarter the previous year and was 18 percent higher than the Business Plan projection. The corresponding increase in expense was 21.1 percent compared with the same quarter the previous year, and expense was 23.5 percent higher than the Business Plan projection. Fuel costs accounted for about 35 percent of the increase in expenses over the prior year.



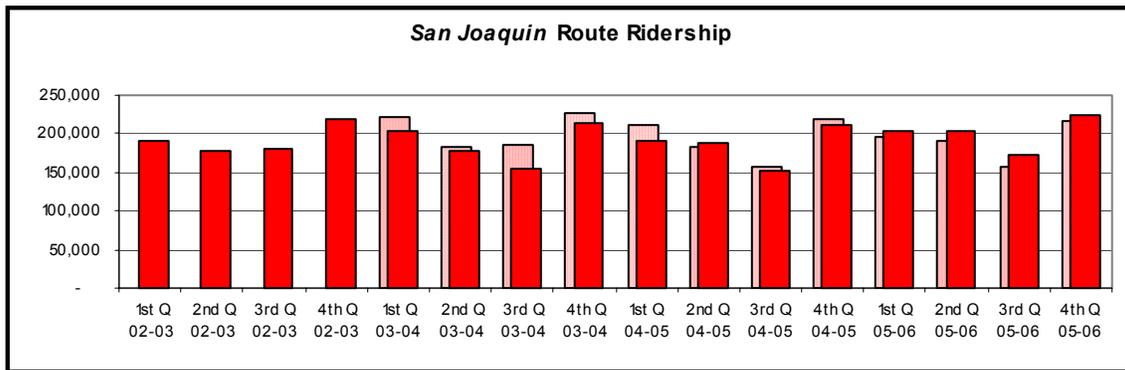
Passenger Miles per Train Mile (PM/TM) for the fourth quarter increased 8 percent, from 131.9 last year to 142.5 this year. The length of the average trip on the route was 81.7 miles during the fourth quarter, compared to 79.8 miles during the fourth quarter in FY 2004-05. Thus, the increase in PM/TM was the result of both an increase in riders and average trip length.



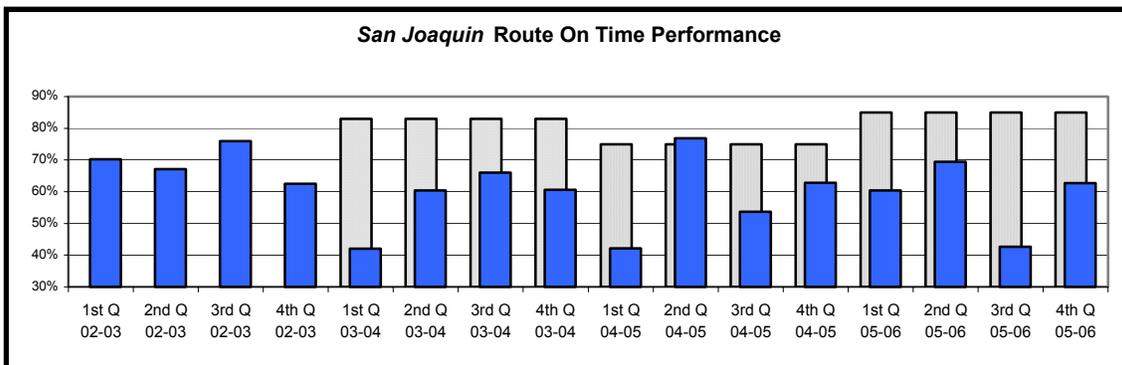
San Joaquin Route

Currently, six daily train round-trips serve the *San Joaquin Route*, four operating between Bakersfield and Oakland/San Francisco and two between Bakersfield and Sacramento. 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 north end of the State.

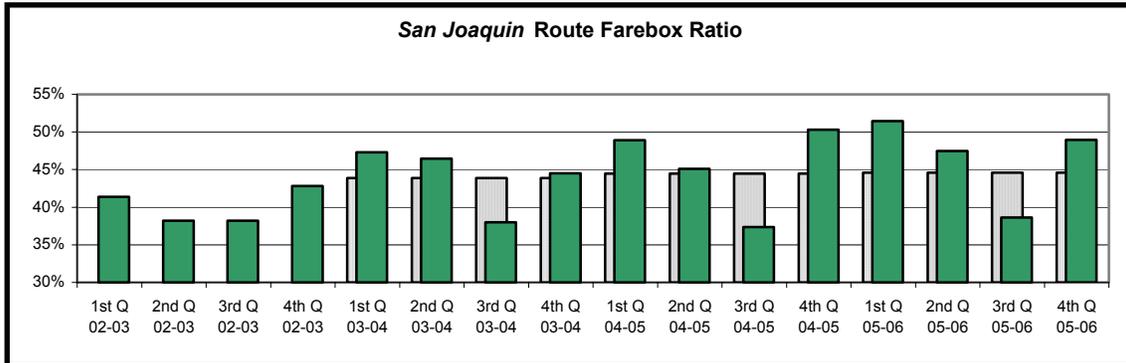
Ridership on the *San Joaquins* continues to grow steadily, and in June 2006, a new record for the month was set. The route has now set new monthly records in seven of the last ten months. Total ridership in the fourth quarter increased 5.2 percent compared to the same period the year before, and ridership exceeded the San Joaquin Route Business Plan projection by 2.9 percent.



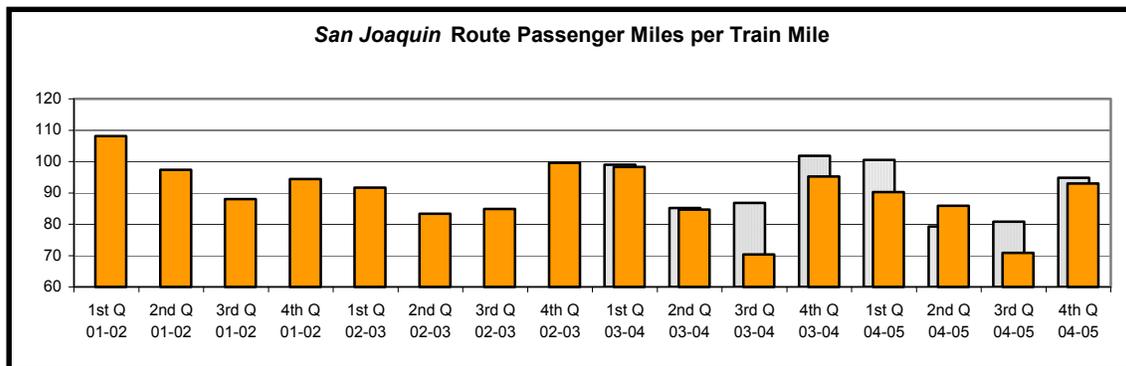
On-time performance, which was severely impacted by major track maintenance projects in the third quarter, has rebounded. Overall OTP in the fourth quarter was 62.7 percent, a 47 percent improvement over the third quarter OTP of 42.7 percent. Although 26.2 percent below the Business Plan projection, fourth quarter OTP was only 0.1 point below the same period of the previous year. Train congestion on the single track BNSF main line in the Valley continues to be the major cause of delays.



Farebox ratio decreased by 1.4 percentage points to 48.9 percent, 3.9 points above the Business Plan projection of 45 percent. Revenue for the fourth quarter increased 14.1 percent compared to the same quarter the previous year and was 18.1 percent higher than the Business Plan projection. The corresponding increase in expense was 17.3 percent compared with the same quarter the previous year, and expense was 4.0 percent higher than the Business Plan projection.



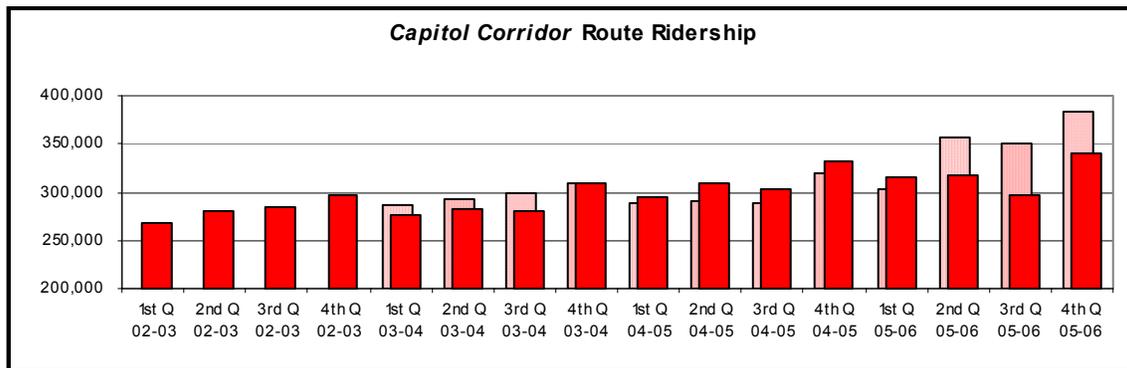
Passenger Miles per Train Mile for the fourth quarter of the fiscal year were 98.2, up 5.6 percent from the 93.0 PM/TM generated during the same period of the previous fiscal year. Average trip length (for the train portion of passenger trips) was 147.3 miles, almost identical to the prior-year period. Thus, the increase in PM/TM was the result of increased ridership.



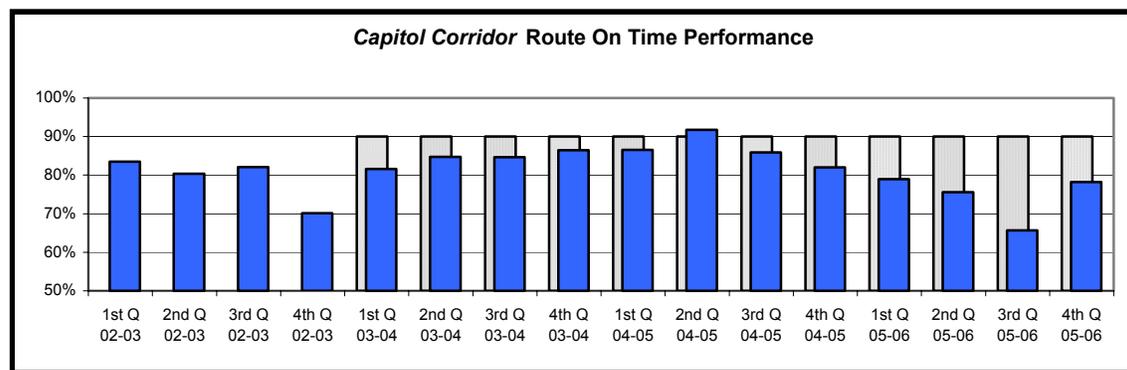
Capitol Corridor

There are currently 12 weekday round-trips between Oakland and Sacramento. One round-trip each day continues to and from Auburn, and four round-trips extend beyond Oakland to San Jose. On weekends there are nine Sacramento-Oakland round-trips, with six round-trips extending to San Jose and one to Auburn.

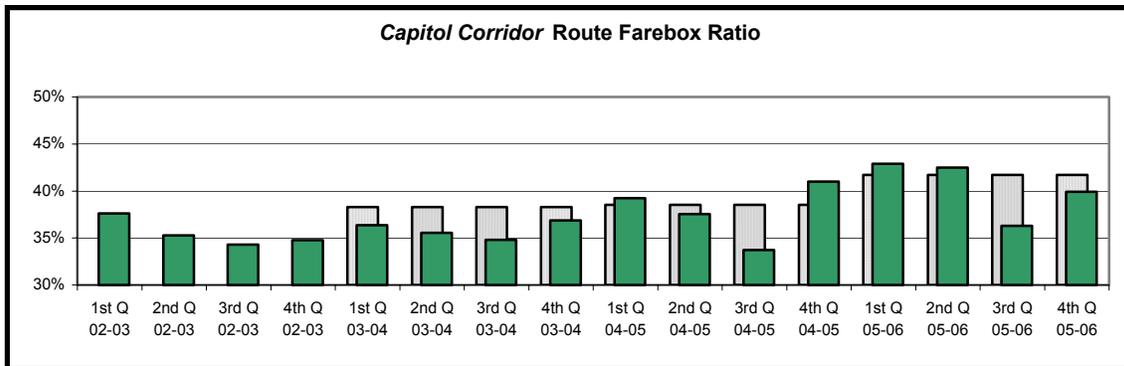
Ridership on the *Capitol Corridor* continues to grow steadily, and new monthly records were set in May and June 2006. The route has now set new monthly records in nine of the last twelve months. Total ridership in the fourth quarter increased 2.1 percent compared to the same period the year before but was 11.5 percent below the quarter’s projection in the Business Plan.



On-time performance improved from the third quarter, but at 78.2 percent in the fourth quarter, it was still 3.8 percent below the same quarter the previous year. It was also 13.1 percent below the Capitol Corridor Business Plan projection of 90 percent. In addition to slow orders and train congestion along the entire route, the partially completed track work project between Oakland and San Jose continues to impact trains on that segment of the route.



Farebox ratio decreased 1.1 percentage points to 39.9 percent, 2.1 points below the Business Plan projection of 42 percent. Revenue for the fourth quarter increased 4.8 percent compared to the same quarter the previous year and was 13.5 percent higher than the Business Plan projection. The corresponding increase in expense was 7.5 percent compared with the same quarter the previous year, and expense was 13.2 percent higher than the Business Plan projection. Almost 50 percent of the expense increase was the result of fuel costs.



Passenger Miles per Train Mile for the fourth quarter of the fiscal year were 101.7, just above the 100.6 PM/TM generated during the same period of the previous fiscal year. Average trip length was 68.4 miles, virtually identical to the same prior-year period. Thus, the increase in PM/TM was the result of increased ridership.

