

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 19-20, 2007

Reference No.: 3.6
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Karla Sutliff
Division Chief
Project Management

Subject: **FY 2006-07 4th QUARTER RAIL OPERATIONS REPORT**

Attached is the Department of Transportation's 4th Quarter/Year-End Rail Operations Report for FY 2006-07. This version is consistent with the version sent to the Commissioners on August 16, 2007.

Attachment

Memorandum

To: CHAIR AND MEMBERS
California Transportation Commission

Date: August 15, 2007

From: WILLIAM D. BRONTE
Chief
Division of Rail

Subject: **FY 2006-07 4th QUARTER RAIL OPERATIONS REPORT**

SUMMARY:

This is the Fourth Quarter Intercity Rail Operations Report for Fiscal Year (FY) 2006-07, April through June 2007, as requested by the California Transportation Commission (Commission). The report contains information for each route on ridership, on-time performance, revenue, expense, and farebox ratio measures. Financial results for June 2007 are estimated by Amtrak, as actual data is not yet available.

In response to the Commission's request at the June 2007 CTC meeting, additional data has been added at the end of each section of the report (Summary, *Pacific Surfliner* Route, *San Joaquin* Route and *Capitol Corridor*) that provide ridership, revenue, expense, farebox ratio, and on-time performance results. These results are also compared to the same period for the prior year and to the Business Plan projections.

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 third corridor is administered by a separate agency, the Capitol Corridor Joint Powers Authority (CCJPA), using funding provided by the Department.

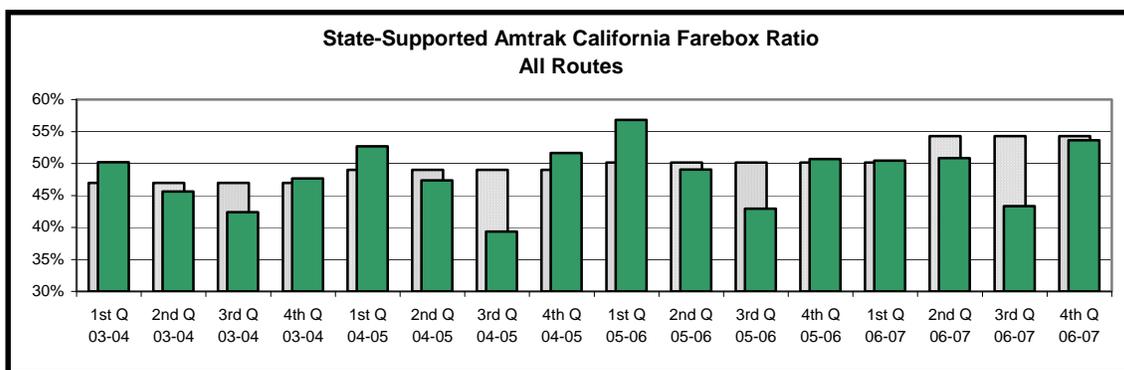
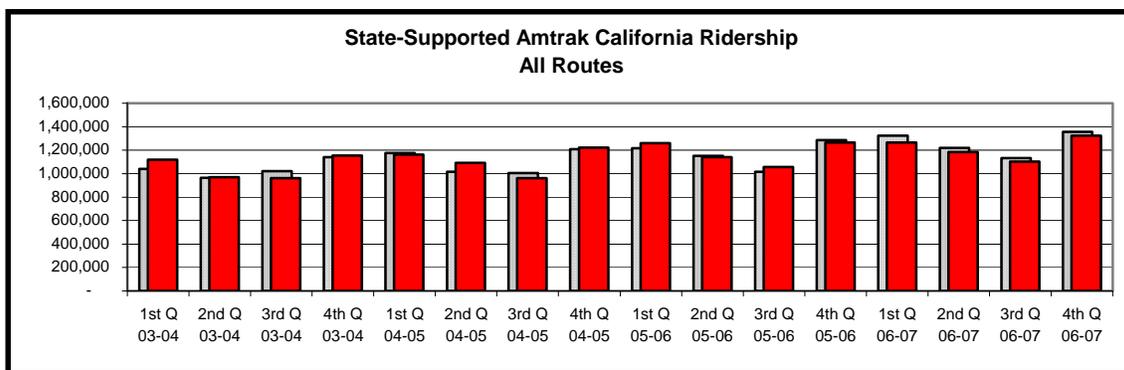
Total ridership during the fourth quarter (April-June 2007) on the three routes was 4.5 percent over the comparable quarter in FY 2005-06, but 2.3 percent below the projections for the quarter in the Business Plans. Ridership on the *Capitol Corridor* was strong as a result of the new frequencies added in August 2006, with 11 of the past 12 months setting a new monthly record for the route. Ridership on the *Pacific Surfliners* set monthly records for two of the three months of the quarter. Ridership on the *San Joaquins* was 2.3 percent below the prior year quarter, possibly as a result of fare increases.

The combined farebox ratio (revenues divided by expenses) for the three routes was 53.6 percent in the fourth quarter, an increase of 2.9 percentage points from the comparable quarter in

FY 2005-06 but 0.4 percentage points below the Business Plans projections. Overall revenue in the fourth quarter increased 8.6 percent, compared with the same quarter the previous year, and was 11.3 percent higher than the Business Plans projections for the quarter. This was partly the result of five percent fare increases in both June and October 2006. Overall expenses increased only 2.5 percent, compared with the same quarter the previous year, and were 5.8 percent higher than projections for the quarter in the Business Plan.

Summarizing the results of the State Fiscal Year (SFY) 2006-07, combined ridership increased 3.1 percent, compared to the previous year, but was 3.1 percent below the Business Plans projections. Combined revenues increased 9.2 percent and exceeded the Business Plan projection by 1.9 percent, while expenses increased by 9.6 percent and exceeded the projection by 12.1 percent. The result was the farebox ratio remained stable, with only a 0.2 percentage point decline, but was 5.0 percentage points below the Business Plan projection.

The following two graphs depict the combined ridership and farebox ratio results of the three State-supported rail corridors in California.



Notes: Solid Bars reflect actual data; Shaded Bars reflect Business Plan Projection. June financial data is estimated by Amtrak as the final billings are not yet available.

Also, the following two tables provide further detail on the combined ridership, revenue, expense, farebox ratio, and on-time performance for the three State-supported routes for the fourth quarter and for the entire 2006-07 fiscal year.

State-Supported Amtrak California Services - 4th Quarter 06-07							
All Routes							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	4th Qtr 06-07	4th Qtr 05-06	Difference	Percent Change	4th Qtr 06-07	Actual to BP Proj.	Percent Difference
Ridership	1,323,537	1,266,753	56,784	4.5%	1,355,254	(31,717)	-2.3%
Revenue	\$ 24,945,358	\$ 22,978,627	\$ 1,966,731	8.6%	\$ 24,965,249	\$ (19,891)	-0.1%
Expense	\$ 46,496,481	\$ 45,345,484	\$ 1,150,997	2.5%	\$ 43,929,714	\$ 2,566,767	5.8%
Farebox Ratio	53.6%	50.7%	3.0%		54.3%	-0.6%	
On-Time Performance	77.2%	74.8%	2.4%		85.0%	-7.8%	

State-Supported Amtrak California Services - State Fiscal Year 06-07							
All Routes							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	SFY 06-07	SFY 05-06	Difference	Percent Change	SFY 06-07	Actual to BP Proj.	Percent Difference
Ridership	4,875,342	4,726,696	148,646	3.1%	5,031,221	(155,879)	-3.1%
Revenue	\$ 93,695,293	\$ 85,813,074	\$ 7,882,219	9.2%	\$ 91,955,613	\$ 1,739,680	1.9%
Expense	\$ 188,811,876	\$ 172,255,661	\$ 16,556,215	9.6%	\$ 168,469,144	\$ 20,342,732	12.1%
Farebox Ratio	49.6%	49.8%	-0.2%		54.6%	-5.0%	
On-Time Performance	72.8%	72.4%	0.4%		85.0%	-12.2%	

Route-specific graphs and tables are in the sections for each route that follow.

BACKGROUND:

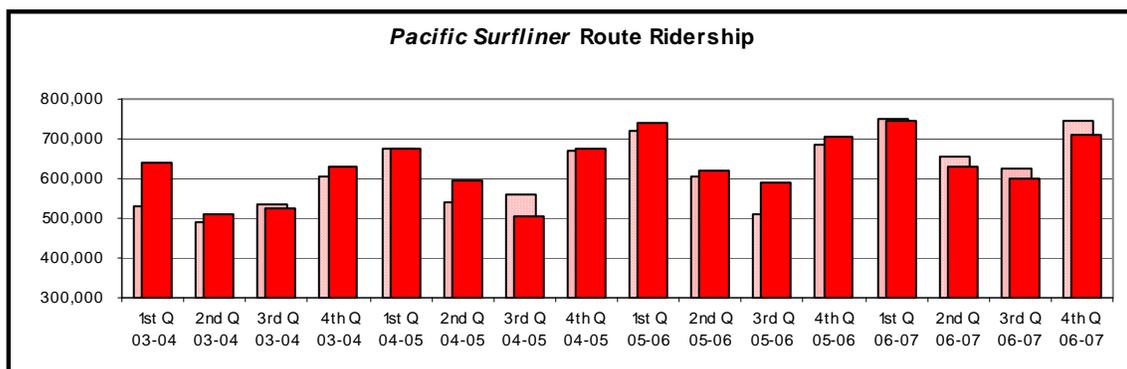
Pacific Surfliner Route

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.

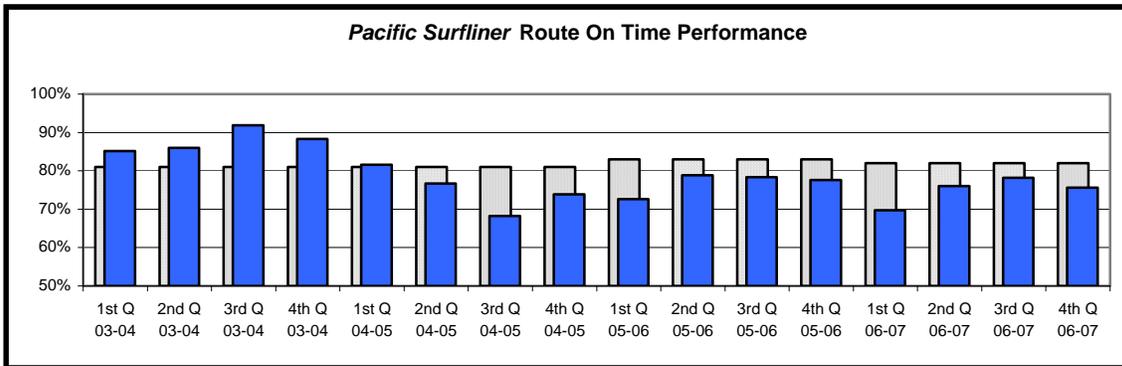
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio and on-time performance.

Ridership on the *Pacific Surfliner* route continues to be strong. May and June 2007 set ridership records for their respective months, and the route has now set new monthly records in eight of the last 12 months. Total *Pacific Surfliner* ridership for the fourth quarter was 1.1 percent higher than the same quarter the previous year but was 4.3 percent below the Business Plan projection. For the period covered by the 2006-07 State fiscal year, ridership was up 1.1 percent compared to the prior year but was 3.1 percent below the Business Plan Projection.

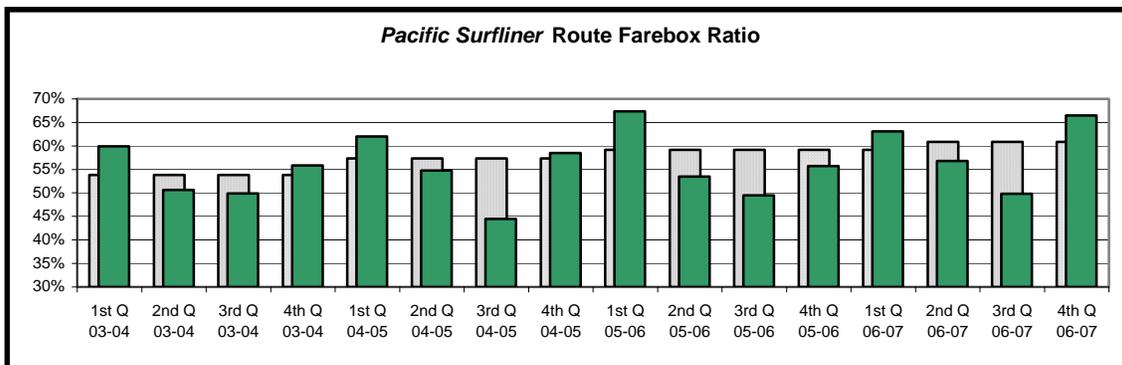
The “Rail 2 Rail” Program, in which the Department and Amtrak partner with both Metrolink and Coaster commuter rail services for the mutual honoring of tickets, continues to help spur ridership increases on all three services. In the 2006-07, over 550,000 riders took advantage of this Program, an increase of over 30 percent from 2005-06. 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/San Diego region. 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 75.6 percent, 2.0 percentage points below the fourth quarter of the previous year and 6.4 percentage points below the Business Plan projection of 82 percent. Traffic congestion (freight and passenger) continues to be the leading cause of delays, particularly on the almost entirely single track Metrolink/ Union Pacific line north of Los Angeles. Consequently, OTP tends to be lower on the north than the south end of the route. OTP for the period covered by the 2006-07 State fiscal year was 74.8 percent, 2.1 percentage points below the prior year and 7.2 percentage points below the Business Plan projection of 82 percent.



Farebox ratio in the fourth quarter increased by 10.7 percentage points to 66.5 percent and was 5.6 percentage points above the Business Plan projection of 60.9 percent. Revenue for the fourth quarter increased 9.0 percent compared to the same quarter the previous year and was 2.2 percent above the Business Plan projection. This was partly the result of five percent fare increases in both June and October 2006. Expenses over the same quarter declined 8.6 percent, compared with the previous year, and were 6.4 percent lower than the Business Plan projection.



State-Supported Amtrak California Services - 4th Quarter 06-07							
Pacific Surfliner Route							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	4th Qtr 06-07	4th Qtr 05-06	Difference	Percent Change	4th Qtr 06-07	Actual to BP Proj.	Percent Difference
Ridership	711,319	703,857	7,462	1.1%	743,377	(32,058)	-4.3%
Revenue	\$ 12,832,984	\$ 11,772,641	\$ 1,060,343	9.0%	\$ 12,560,263	\$ 272,721	2.2%
Expense	\$ 19,308,953	\$ 21,116,412	\$ (1,807,459)	-8.6%	\$ 20,630,294	\$ (1,321,341)	-6.4%
Farebox Ratio	66.5%	55.8%	10.7%		60.9%	5.6%	
On-Time Performance	75.6%	77.6%	-2.0%		82.0%	-6.4%	

For the period covering the entire 2006-07 State fiscal year, revenues increased by 9.6 percent, and expenses by 4.7 percent, over the prior year,. The fare box ratio increased by 2.6 percentage points, 1.8 percentage points below the Business Plan projection.

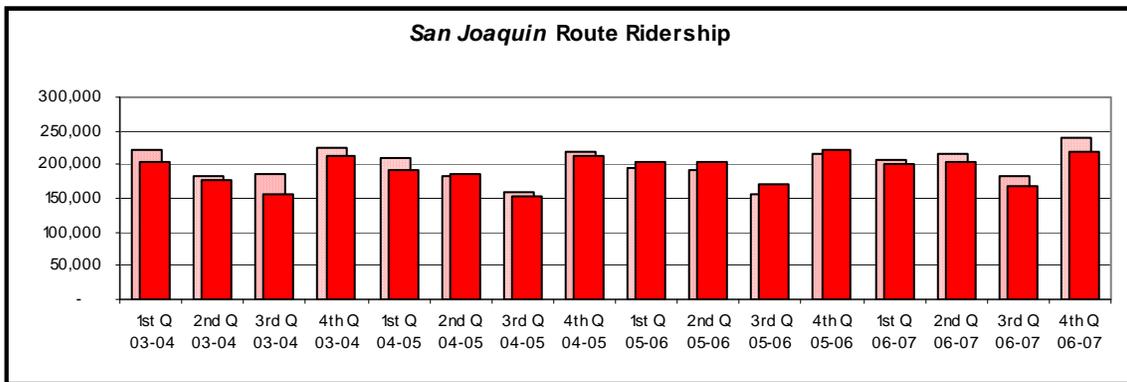
State-Supported Amtrak California Services - State Fiscal Year 06-07							
Pacific Surfliner Route							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	SFY 06-07	SFY 05-06	Difference	Percent Change	SFY 06-07	Actual to BP Proj.	Percent Difference
Ridership	2,685,194	2,655,490	29,704	1.1%	2,771,138	(85,944)	-3.1%
Revenue	\$ 48,440,066	\$ 44,202,589	\$ 4,237,477	9.6%	\$ 46,747,072	\$ 1,692,994	3.6%
Expense	\$ 81,958,712	\$ 78,269,770	\$ 3,688,942	4.7%	\$ 76,743,445	\$ 5,215,267	6.8%
Farebox Ratio	59.1%	56.5%	2.6%		60.9%	-1.8%	
On-Time Performance	74.8%	76.9%	-2.1%		82.0%	-7.2%	

San Joaquin Route

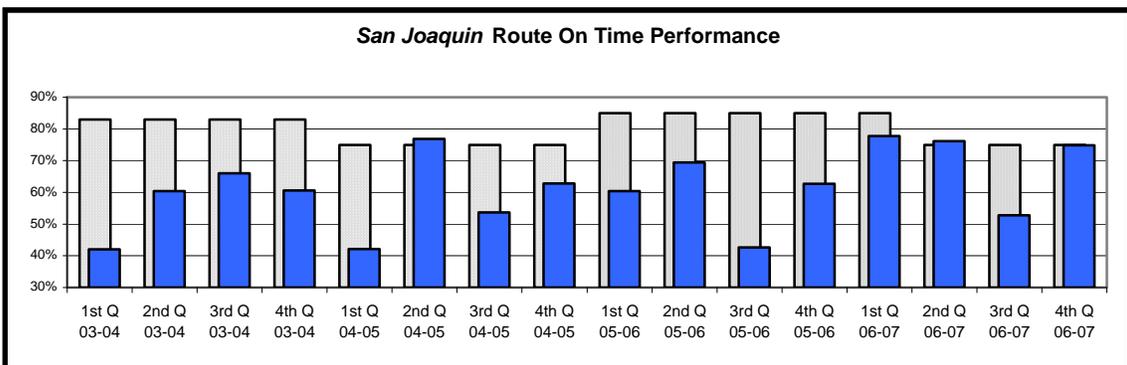
Currently, six daily train round-trips serve the *San Joaquin Route*, four operating between Bakersfield and Oakland/San Francisco and two between Bakersfield and Sacramento. All six round-trips have dedicated bus connections between Bakersfield and Los Angeles and other points throughout Southern California. 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.

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

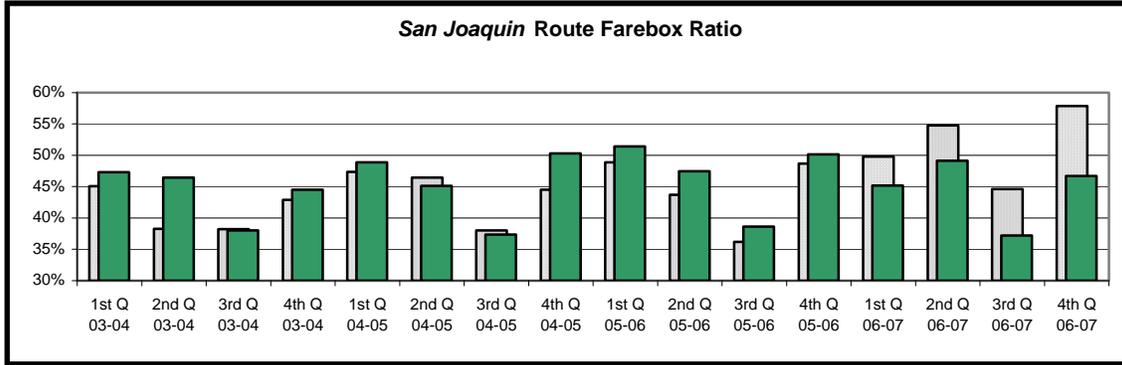
Ridership on the *San Joaquins* for the fourth quarter was 2.3 percent below the same period the prior year and was 8.7 percent below the Business Plan projection. A major portion of the travel on this route is discretionary, so it is sensitive to changes in the economy and fare increases. The three fare increases since October 2005 may have negatively affected ridership. For the entire 2006-07 State fiscal year, ridership was down 1.4 percent compared to the prior year and was 6.9 percent below the Business Plan Projection.



On-time performance (OTP) in the fourth quarter was 74.8 percent, a substantial 12.1 percentage point improvement over the same quarter in 2005-06, and almost achieved the Business Plan projection of 75 percent. Key double track projects between Hanford and Shirley and south of Fresno (Calwa to Bowles) have been completed, both of which are improving reliability. OTP for the entire 2006-07 fiscal year was 70.5 percent, 11.6 percentage points above the prior year and only 4.5 percentage points below the Business Plan projection of 75 percent. OTP has not been as high a level since FY 2001-02.



Farebox ratio in the fourth quarter declined to 46.7 percent, 3.4 percentage points less than the same period of the previous year and 5.7 percentage points below the Business Plan projection of 52.4 percent. Revenue for the fourth quarter decreased 0.9 percent compared to the previous year and was 14.4 percent below the Business Plan projection. Expenses, on the other hand, increased 6.3 percent compared with the previous year and were 6.1 percent above the Business Plan projection.



State-Supported Amtrak California Services - 4th Quarter 06-07							
San Joaquin Route							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	4th Qtr 06-07	4th Qtr 05-06	Difference	Percent Change	4th Qtr 06-07	Actual to BP Proj.	Percent Difference
Ridership	218,044	223,223	(5,179)	-2.3%	238,885	(20,841)	-8.7%
Revenue	\$ 6,971,511	\$ 7,036,303	\$ (64,792)	-0.9%	\$ 8,141,946	\$ (1,170,435)	-14.4%
Expense	\$ 14,923,844	\$ 14,035,375	\$ 888,469	6.3%	\$ 14,066,338	\$ 857,506	6.1%
Farebox Ratio	46.7%	50.1%	-3.4%		52.4%	-5.7%	
On-Time Performance	74.8%	62.7%	12.1%		75.0%	-0.2%	

For the period covering the 2006-07 State fiscal year, revenues increased by 3.8 percent, and expenses by 9.2 percent, over the prior year. The fare box ratio declined by 2.3 percentage points, 7.3 percentage points below the Business Plan projection.

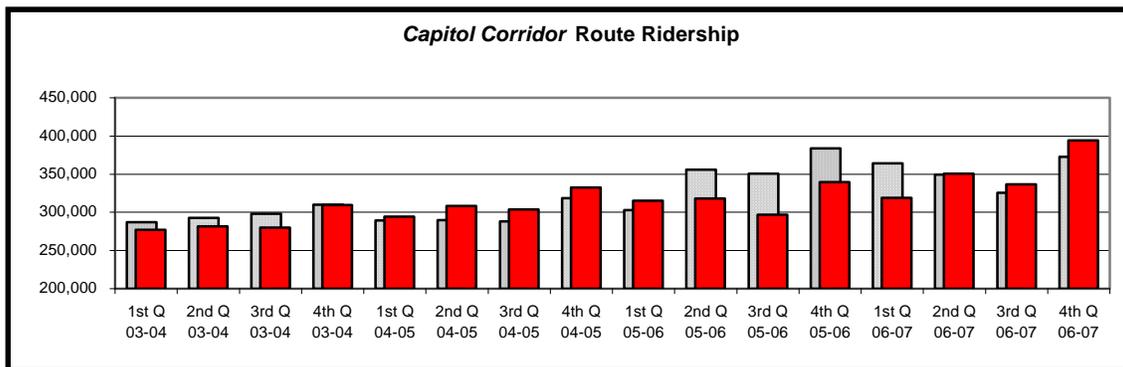
State-Supported Amtrak California Services - State Fiscal Year 06-07							
San Joaquin Route							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	SFY 06-07	SFY 05-06	Difference	Percent Change	SFY 06-07	Actual to BP Proj.	Percent Difference
Ridership	789,641	801,242	(11,601)	-1.4%	847,765	(58,124)	-6.9%
Revenue	\$ 26,852,048	\$ 25,869,979	\$ 982,069	3.8%	\$ 28,900,553	\$ (2,048,505)	-7.1%
Expense	\$ 60,298,561	\$ 55,226,742	\$ 5,071,819	9.2%	\$ 55,773,701	\$ 4,524,860	8.1%
Farebox Ratio	44.5%	46.8%	-2.3%		51.8%	-7.3%	
On-Time Performance	70.5%	58.9%	11.6%		75.0%	-4.5%	

Capitol Corridor

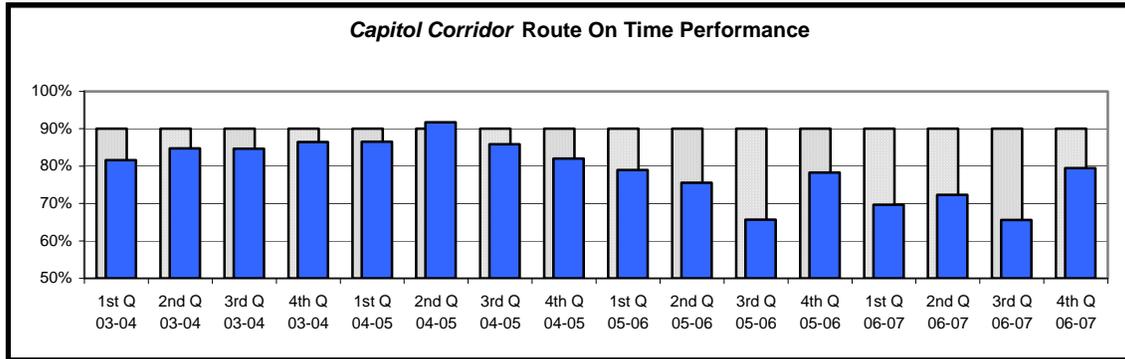
On August 28, 2006, the Capital Corridor Joint Powers Authority added four weekday round trips between Sacramento and Oakland and extended three additional round trips south from Oakland to San Jose, bringing the total level of service to 16 weekday round-trips between Oakland and Sacramento with seven extending through to/from San Jose. Weekend service was increased from nine Sacramento-Oakland round-trips to 11, with an additional (seventh) round-trip extending to San Jose. One round-trip each day continues to and from Auburn. The Business Plan anticipated a lower level of new service than was actually instituted, so comparisons to the Business Plan for FY 2006-07 are not highly meaningful.

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

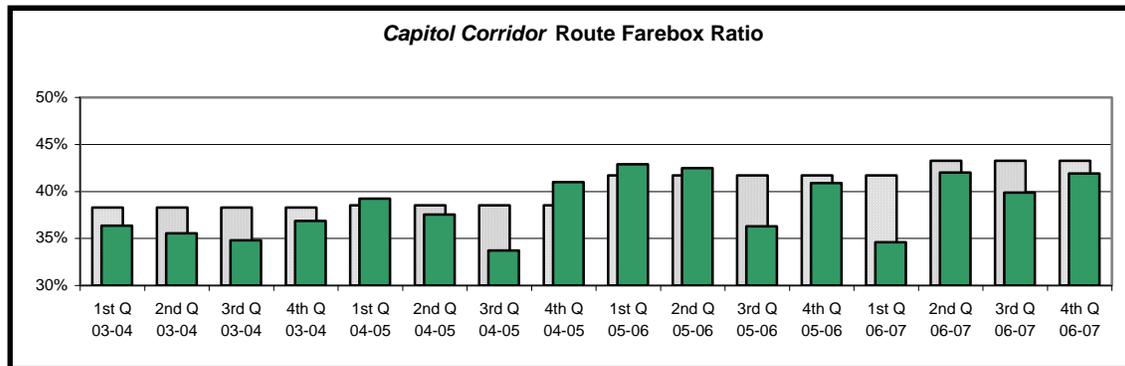
Ridership on the *Capitol Corridor* continues to grow steadily, and with the increase in service, new monthly records were set in all three months of the fourth quarter. The route has now set new monthly records in 11 of the last 12 months. Total ridership in the fourth quarter increased 16.0 percent compared to the same period the year before and was 5.7 percent above the quarter’s projection in the Business Plan. For the period covered by the 2006-07 State fiscal year, ridership was up 10.3 percent compared to the prior year but was 0.8 percent below the Business Plan projection.



On-time performance (OTP) improved slightly to 79.5 percent, 1.2 percentage points above the comparable quarter the previous year and 13.9 percentage points above the preceding quarter. It was, however, 10.5 percentage points below the Capitol Corridor Business Plan projection of 90 percent. This marked the best quarterly OTP in eight quarters. OTP for the period covered by the 2006-07 State fiscal year was 72.0 percent, 2.6 percentage points below the prior year and 18.0 percentage points below the Business Plan projection of 90 percent.



Farebox ratio in the fourth quarter increased 1.0 percentage points to 41.9 percent but was 1.3 percentage points below the Business Plan projection. Revenue for the fourth quarter increased 23.3 percent compared to the same quarter the previous year and was 20.6 percent higher than the Business Plan projection. The corresponding increase in expenses, reflecting the increase in service, was 20.3 percent compared with the same quarter the previous year and was 32.8 percent higher than the Business Plan projection.



State-Supported Amtrak California Services - 4th Quarter 06-07							
Capitol Corridor							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	4th Qtr 06-07	4th Qtr 05-06	Difference	Percent Change	4th Qtr 06-07	Actual to BP Proj.	Percent Difference
Ridership	394,174	339,673	54,501	16.0%	372,992	21,182	5.7%
Revenue	\$ 5,140,863	\$ 4,169,683	\$ 971,180	23.3%	\$ 4,263,041	\$ 877,822	20.6%
Expense	\$ 12,263,684	\$ 10,193,697	\$ 2,069,987	20.3%	\$ 9,233,082	\$ 3,030,602	32.8%
Farebox Ratio	41.9%	40.9%	1.0%		43.3%	-1.3%	
On-Time Performance	79.5%	78.2%	1.2%		90.0%	-10.5%	

For the period covering the entire 2006-07 State fiscal year, revenues increased by 16.9 percent, and expenses by 20.1 percent, over the prior year. The fare box ratio declined by 1.1 percentage points, 5.8 percentage points below the Business Plan projection.

State-Supported Amtrak California Services - State Fiscal Year 06-07							
Capitol Corridor							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	SFY 06-07	SFY 05-06	Difference	Percent Change	SFY 06-07	Actual to BP Proj.	Percent Difference
Ridership	1,400,507	1,269,964	130,543	10.3%	1,412,319	(11,812)	-0.8%
Revenue	\$ 18,403,179	\$ 15,740,506	\$ 2,662,673	16.9%	\$ 16,307,989	\$ 2,095,190	12.8%
Expense	\$ 46,554,603	\$ 38,759,149	\$ 7,795,454	20.1%	\$ 35,951,999	\$ 10,602,604	29.5%
Farebox Ratio	39.5%	40.6%	-1.1%		45.4%	-5.8%	
On-Time Performance	72.0%	74.6%	-2.6%		90.0%	-18.0%	