

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 12-13, 2007

Reference No.: 3.9  
Information Item

From: CINDY McKIM  
Chief Financial Officer

Prepared by: William D. Bronte  
Chief  
Division of Rail

Subject: **FY 2007-08 1st QUARTER RAIL OPERATIONS REPORT**

Attached is the Department of Transportation's 1st Quarter Intercity Rail Operations Report for FY 2007-08. This version is consistent with the version sent to the Commission's Executive Committee on November 16, 2007.

Attachment

# Memorandum

To: CHAIR AND MEMBERS  
California Transportation Commission

Date: November 15, 2007

From: WILLIAM D. BRONTE  
Chief  
Division of Rail

Subject: **FY 2007-08 1<sup>st</sup> QUARTER RAIL OPERATIONS REPORT**

## **SUMMARY:**

This is the First Quarter Intercity Rail Operations Report for Fiscal Year (FY) 2007-08, July through September 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.

In response to the Commission's request at the June 2007 CTC meeting, additional data tables have been added at the end of each section of the report (Summary, *Pacific Surfliner* Route, *San Joaquin* Route and *Capitol Corridor*) that provide comprehensive 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.

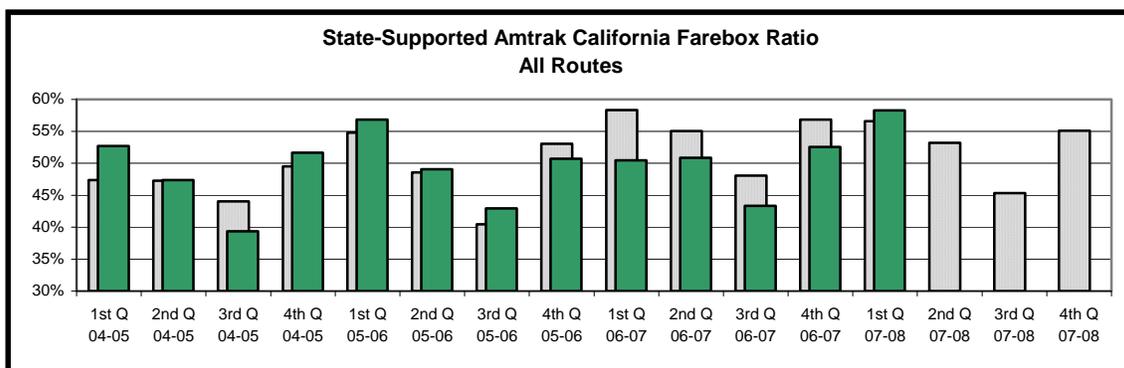
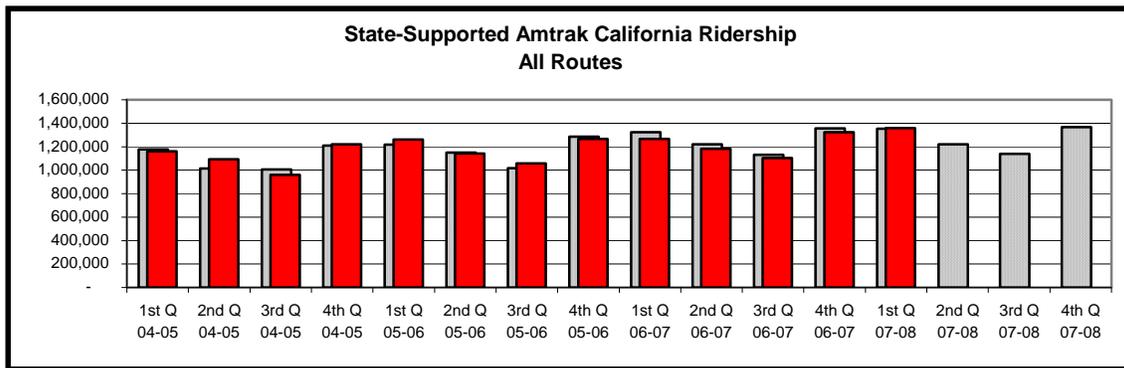
Total ridership (one way trips) during the first quarter (July-September 2007) on the three routes was 7.3 percent over the comparable quarter in FY 2006-07, and 0.4 percent above the projections for the quarter in the Business Plans. Ridership on the *Capitol Corridor* was strong as a result of the new frequencies added in August 2006, with each 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* increased 7.2 percent over the prior year quarter, and set a monthly record in September.

The combined farebox ratio (revenues divided by expenses) for the three routes was 58.1 percent in the first quarter, an increase of 7.6 percentage points from the comparable quarter in FY 2006-07 and 1.5 percentage points above the Business Plans projections. Overall revenue in

the first quarter increased 5.8 percent, mostly due to the result of increased ridership, compared with the same quarter the previous year, and was 2.5 percent below than the Business Plans projections for the quarter. Overall expenses decreased 8.1 percent, compared with the same quarter the previous year, and were 5.0 percent lower than projections for the quarter in the Business Plan.

September financial results are provided by Amtrak as preliminary estimates, as the detail statements for the month are not yet available. These preliminary results only show total expenses and not line item detail. Because adjustments to expenses are often made from month to month, it is difficult at this point to determine exactly what changes in expense line items are responsible for the \$8.1 million decrease in expenses.

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.*

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 first quarter of the 2007-08 fiscal year.

<b>State-Supported Amtrak California Services - 1st Quarter 07-08</b>							
<b>All Routes</b>							
	<b>ACTUAL RESULTS</b>				<b>BUSINESS PLAN PROJECTIONS</b>		
	1st Qtr 07-08	1st Qtr 06-07	Difference	Percent Change	1st Qtr 07-08	Actual to BP Proj.	Percent Difference
Ridership	1,358,846	1,266,562	92,284	7.3%	1,353,361	5,485	0.4%
Revenue	\$ 27,038,601	\$ 25,547,106	\$ 1,491,495	5.8%	\$ 27,723,314	\$ (684,713)	-2.5%
Expense	\$ 46,522,427	\$ 50,625,771	\$ (4,103,344)	-8.1%	\$ 48,991,338	\$ (2,468,911)	-5.0%
Farebox Ratio	58.1%	50.5%	7.6%		56.6%	1.5%	
On-Time Performance	73.8%	73.1%	0.7%		85.0%	-11.2%	

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

**BACKGROUND:**

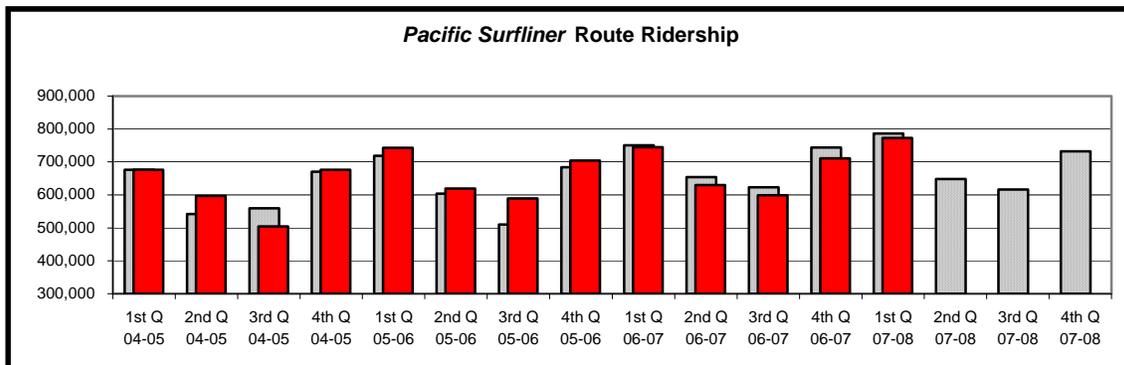
***Pacific Surfliner Route***

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.

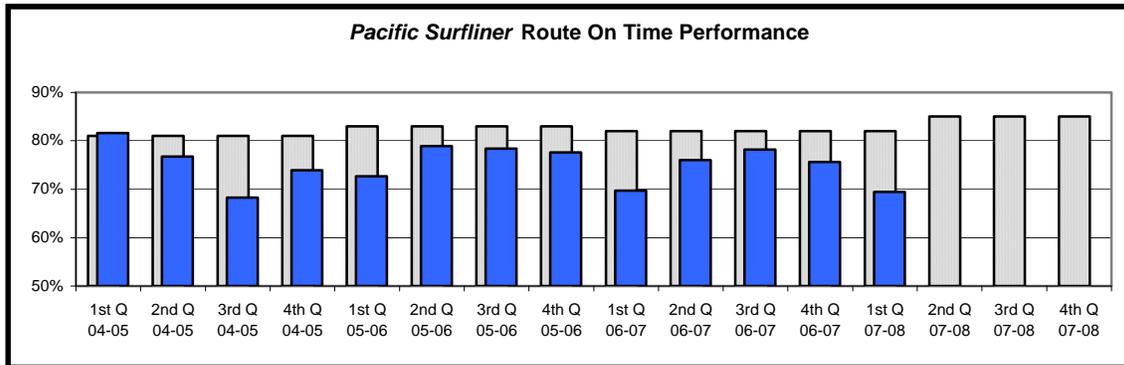
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio and on-time performance.

Ridership on the *Pacific Surfliner* route continues to be strong. July and August 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 first quarter was 3.8 percent higher than the same quarter the previous year but was 1.7 percent below the Business Plan projection.

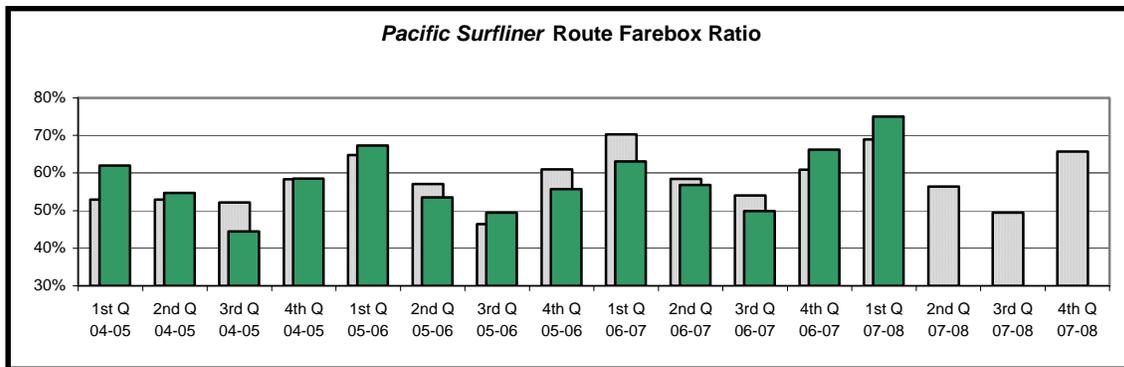
The “Rail 2 Rail” Program, in which the Department and Amtrak partner with both Metrolink and Coaster commuter rail services for the mutual honoring of tickets, continues to help spur ridership increases on all three services. In 2006-07, over 550,000 riders took advantage of this Program, an increase 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 first quarter was 69.5 percent, 0.2 percentage points below the first quarter of the previous year and 12.5 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.



Farebox ratio in the first quarter increased by 11.9 percentage points to 75.0 percent and was 6.1 percentage points above the Business Plan projection of 68.9 percent. Revenue for the first quarter increased 7.5 percent compared to the same quarter the previous year primarily due to increased ridership and was 0.8 percent above the Business Plan projection. Expenses over the same quarter declined 9.6 percent, compared with the previous year, and were 7.4 percent lower than the Business Plan projection.



<b>State-Supported Amtrak California Services - 1st Quarter 07-08</b>							
<b>Pacific Surfliner Route</b>							
	<b>ACTUAL RESULTS</b>				<b>BUSINESS PLAN PROJECTIONS</b>		
	1st Qtr 07-08	1st Qtr 06-07	Difference	Percent Change	1st Qtr 07-08	Actual to BP Proj.	Percent Difference
Ridership	772,803	744,720	28,083	3.8%	786,534	(13,731)	-1.7%
Revenue	\$ 15,078,839	\$ 14,021,753	\$ 1,057,086	7.5%	\$ 14,959,846	\$ 118,993	0.8%
Expense	\$ 20,101,541	\$ 22,228,138	\$ (2,126,597)	-9.6%	\$ 21,716,427	\$ (1,614,886)	-7.4%
Farebox Ratio	75.0%	63.1%	11.9%		68.9%	6.1%	
On-Time Performance	69.5%	69.7%	-0.2%		82.0%	-12.5%	

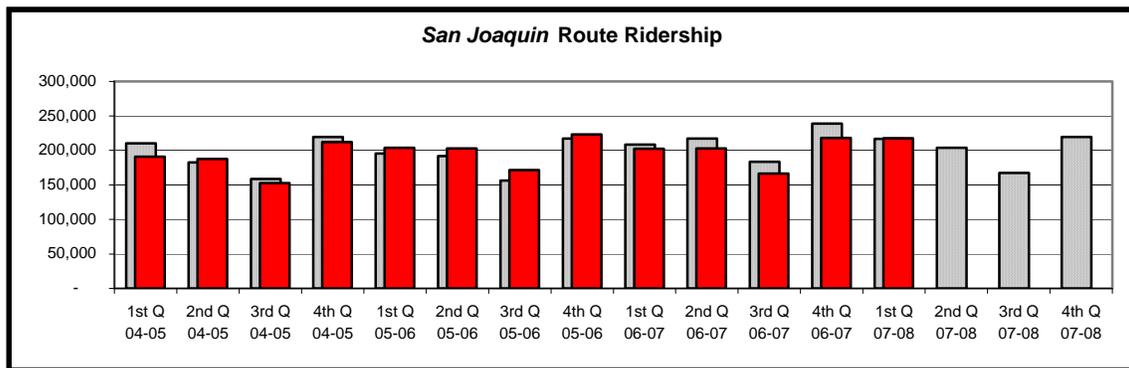
***San Joaquin Route***

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

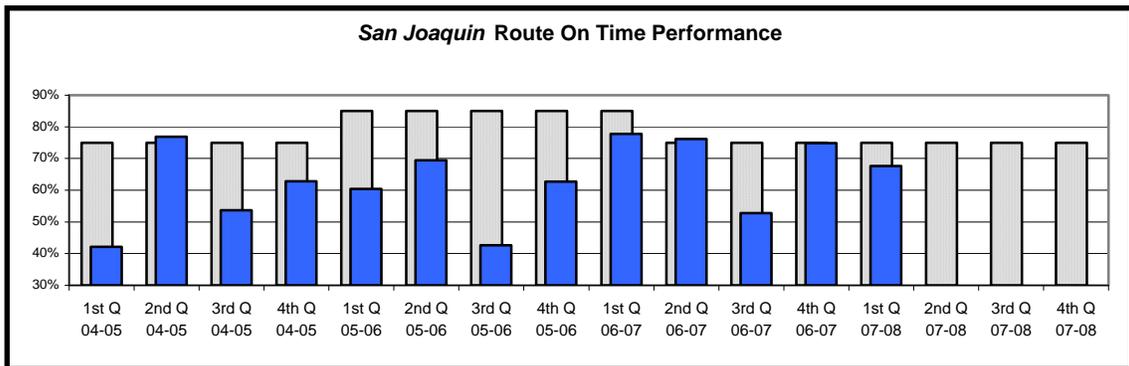
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio and on-time performance.

Ridership on the *San Joaquins* for the first quarter was 7.5 percent above the same period the prior year and was 0.4 percent above 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. In order to stimulate ridership, a promotion was started beginning in the last week of August and running through September, that offered a “30% Off” sale on the *San Joaquins*. This promotion produced significant increases in ridership, which was reflected in a 13.6 percent increase in ridership for the month of September as compared to the same month in 2006.

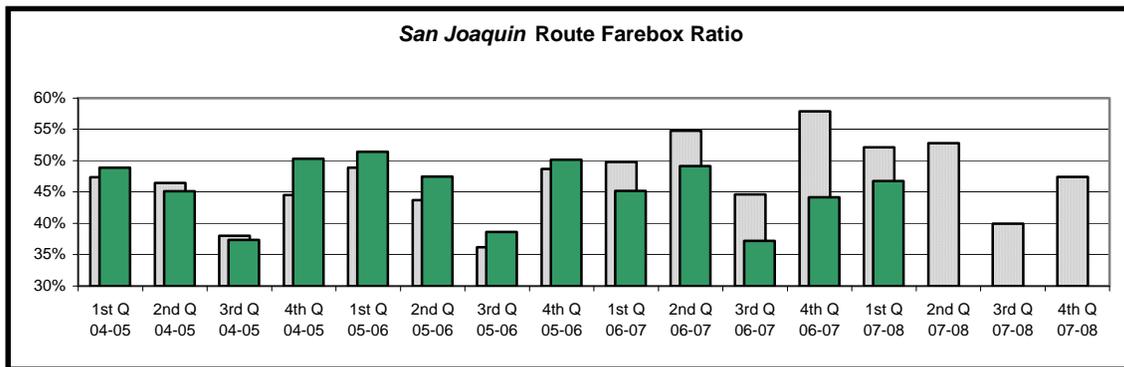


On-time performance (OTP) in the first quarter was 67.7 percent, a 10.0 percentage point decline over the same quarter in 2006-07, and 7.3 percentage points below the Business Plan projection of 75 percent. OTP was down in July and August averaging 61.4 percent, but up in September to 80.6 percent. (October also had good results at 86.8 percent.)



Farebox ratio in the first quarter increased to 46.7 percent, 1.5 percentage points above the same period of the previous year and 5.4 percentage points below the Business Plan projection of 52.1 percent. Revenue for the first quarter decreased 6.1 percent compared to the previous year and was 18.9 percent below the Business Plan projection. Expenses declined 9.3 percent compared with the previous year and were 0.6 percent below the Business Plan projection.

As mentioned previously, a 30% Off fare sale was run beginning in the last week of August through September. Although there were impressive gains in ridership, revenue was conversely impacted. The marketing strategy is to introduce patrons to the *San Joaquins* so that for future travel, they would consider using this service.



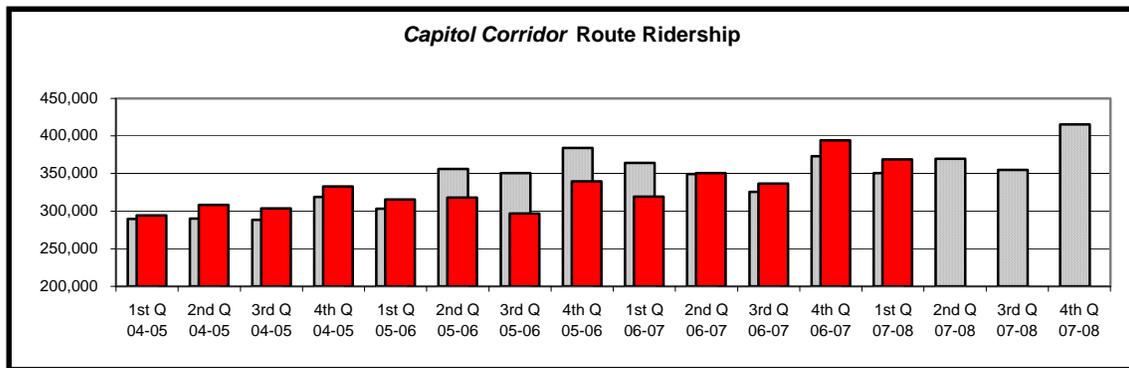
<b>State-Supported Amtrak California Services - 1st Quarter 07-08</b>							
<b>San Joaquin Route</b>							
	<b>ACTUAL RESULTS</b>				<b>BUSINESS PLAN PROJECTIONS</b>		
	1st Qtr 07-08	1st Qtr 06-07	Difference	Percent Change	1st Qtr 07-08	Actual to BP Proj.	Percent Difference
Ridership	217,396	202,252	15,144	7.5%	216,442	954	0.4%
Revenue	\$ 6,828,539	\$ 7,273,522	\$ (444,983)	-6.1%	\$ 8,416,440	\$ (1,587,901)	-18.9%
Expense	\$ 14,607,745	\$ 16,106,661	\$ (1,498,916)	-9.3%	\$ 14,702,820	\$ (95,075)	-0.6%
Farebox Ratio	46.7%	45.2%	1.5%		52.1%	-5.4%	
On-Time Performance	67.7%	77.7%	-10.0%		75.0%	-7.3%	

**Capitol Corridor**

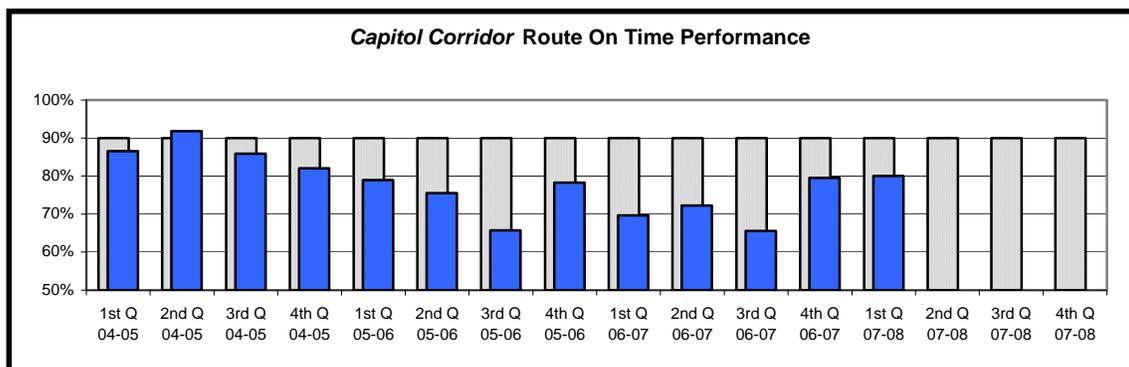
On August 28, 2006, the Capital Corridor Joint Powers Authority added four weekday round trips between Sacramento and Oakland and extended three additional round trips south from Oakland to San Jose, bringing the total level of service to 16 weekday round-trips between Oakland and Sacramento with seven 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.

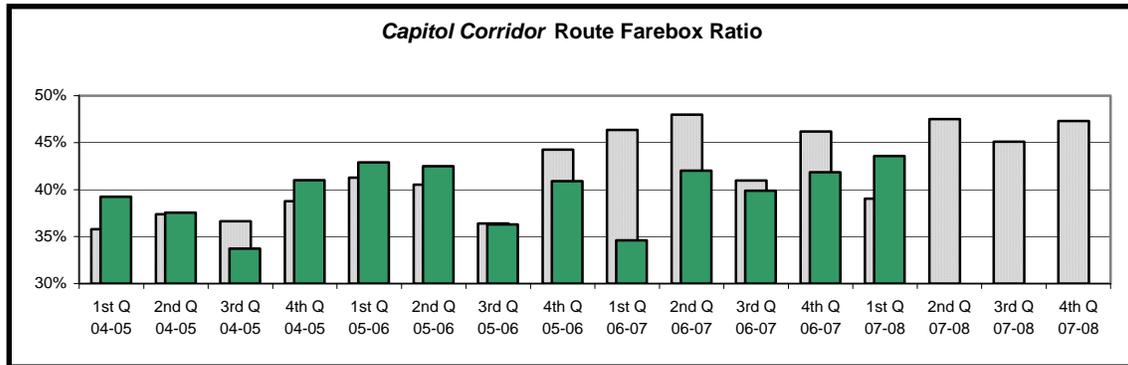
Ridership on the *Capitol Corridor* continues to grow steadily, and with the increase in service, new monthly records were set in all three months of the first quarter. The route has now set new monthly records in each of the last 12 months. Total ridership in the first quarter increased 15.5 percent compared to the same period the year before and was 5.2 percent above the quarter’s projection in the Business Plan.



On-time performance (OTP) improved slightly to 80.0 percent, 10.3 percentage points above the comparable quarter the previous year. However, it was 10.5 percentage points below the Capitol Corridor Business Plan projection of 90 percent. This marked the best quarterly OTP in nine quarters.



Farebox ratio in the first quarter increased 8.8 percentage points to 43.4 percent and was 4.4 percentage points above the Business Plan projection. Revenue for the first quarter increased 20.7 percent compared to the same quarter the previous year and was 18.0 percent higher than the Business Plan projection. Expenses declined 3.9 percent compared with the same quarter the previous year and was 6.1 percent higher than the Business Plan projection.



<b>State-Supported Amtrak California Services - 1st Quarter 07-08</b>							
<b>Capitol Corridor</b>							
	<b>ACTUAL RESULTS</b>				<b>BUSINESS PLAN PROJECTIONS</b>		
	1st Qtr 07-08	1st Qtr 06-07	Difference	Percent Change	1st Qtr 07-08	Actual to BP Proj.	Percent Difference
Ridership	368,647	319,085	49,562	15.5%	350,385	18,262	5.2%
Revenue	\$ 5,131,223	\$ 4,251,831	\$ 879,392	20.7%	\$ 4,347,028	\$ 784,195	18.0%
Expense	\$ 11,813,141	\$ 12,290,972	\$ (477,831)	-3.9%	\$ 11,132,717	\$ 680,424	6.1%
Farebox Ratio	43.4%	34.6%	8.8%		39.0%	4.4%	
On-Time Performance	80.0%	69.7%	10.3%		90.0%	-10.0%	