

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: March 12-13, 2008

Reference No.: 3.5
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: William D. Bronte
Chief
Division of Rail

Subject: **FY 2007-08 2nd QUARTER RAIL OPERATIONS REPORT**

Attached is the Department of Transportation's 2nd Quarter Intercity Rail Operations Report for FY 2007-08. This version is consistent with the version sent to the Commission's Executive Committee.

Attachment

Memorandum

To: CHAIR AND MEMBERS
California Transportation Commission

Date: February 15, 2008

From: WILLIAM D. BRONTE
Chief
Division of Rail

Subject: **FY 2007-08 2nd QUARTER RAIL OPERATIONS REPORT**

SUMMARY:

This is the Second Quarter Intercity Rail Operations Report for Fiscal Year (FY) 2007-08, October through December 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 sixth 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.

Operating results for this quarter are extremely positive. Ridership, revenue, farebox ratio, and on-time performance were all above the comparable quarter in the prior year on all three routes.

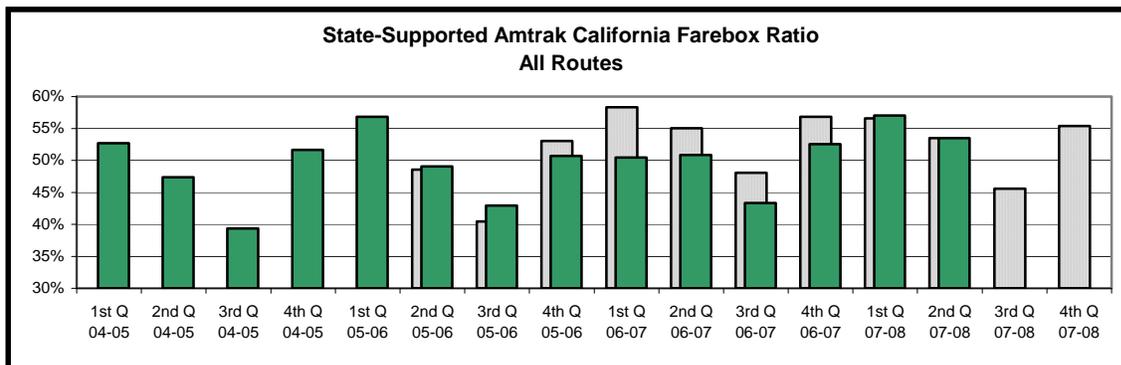
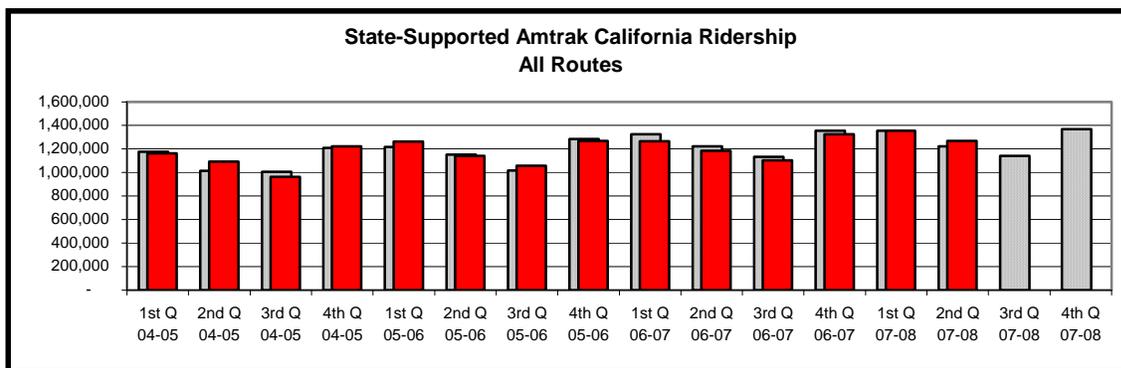
Total ridership (one way trips) during the second quarter (October-December 2007) on the three routes was 7.1 percent over the comparable quarter in FY 2006-07, and 3.6 percent above the projections for the quarter in the Business Plans. Ridership on all routes was up, likely as a result of high gasoline prices and improved on-time performance.

The combined farebox ratio (revenues divided by expenses) for the three routes was 53.5 percent in the second quarter, an increase of 2.7 percentage points from the comparable quarter in

FY 2006-07 and the same as the Business Plans projections. Overall revenue in the second quarter increased 7.2 percent, mostly due to the result of increased ridership, compared with the same quarter the previous year, and was 0.7 percent above the Business Plans projections for the quarter. Overall expenses increased 1.9 percent, compared with the same quarter the previous year, and were 0.8 percent above projections for the quarter in the Business Plan. On-time performance was up an impressive 8.8 percentage points to 83.2 percent.

December financial results are provided by Amtrak as preliminary estimates, as the detail statements for the month are not yet available.

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 second quarter of the 2007-08 fiscal year.

State-Supported Amtrak California Services - 2nd Quarter 07-08							
All Routes							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	2nd Qtr 07-08	2nd Qtr 06-07	Difference	Percent Change	2nd Qtr 07-08	Difference From Actual	Percent Difference
Ridership	1,266,751	1,183,150	83,601	7.1%	1,222,481	44,270	3.6%
Revenue	\$ 25,188,977	\$ 23,493,594	\$ 1,695,383	7.2%	\$ 25,008,388	\$ 180,589	0.7%
Expense	\$ 47,112,376	\$ 46,223,216	\$ 889,160	1.9%	\$ 46,754,842	\$ 357,534	0.8%
Farebox Ratio	53.5%	50.8%	2.6%		53.5%	0.0%	
On-Time Performance	83.2%	74.4%	8.8%		86.0%	-2.8%	

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

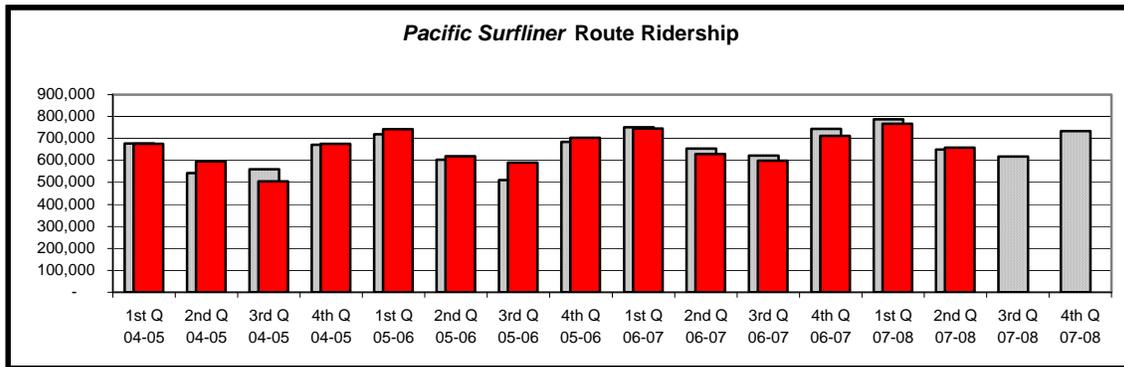
BACKGROUND:

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.

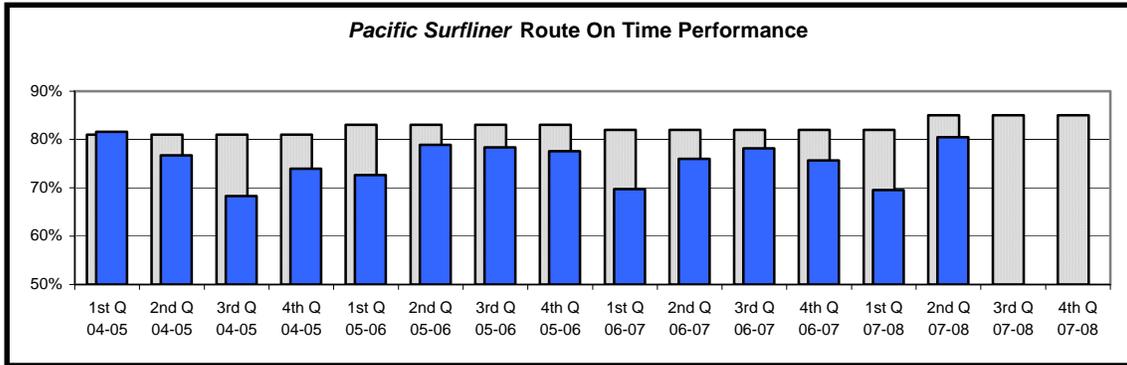
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio and on-time performance.

Ridership on the *Pacific Surfliner* route continues to be strong. All three months of the quarter (October-December 2007) set ridership records for their respective months, and the route has now set new monthly records in nine of the last 12 months. Total *Pacific Surfliner* ridership for the second quarter was 4.6 percent higher than the same quarter the previous year and was 1.4 percent above the Business Plan projection. High gasoline prices and strong on-time performance are contributing to the continuing ridership increase.

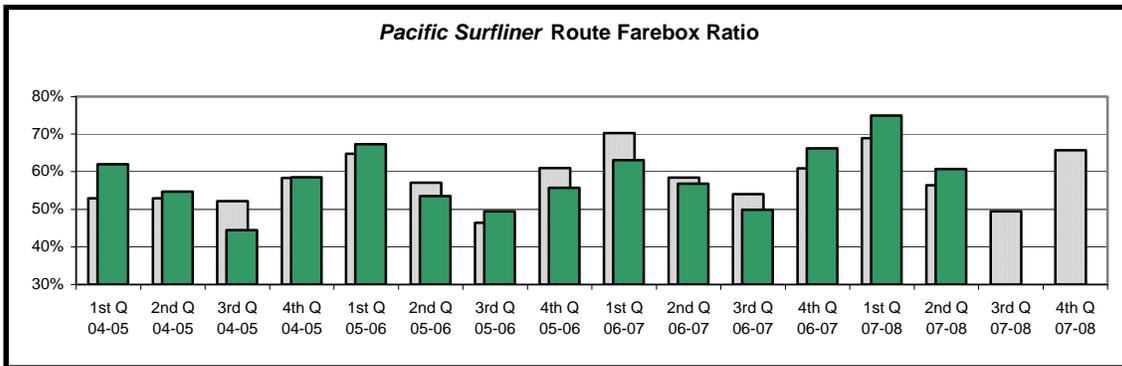


On-time performance (OTP) in the second quarter was 80.5 percent, 4.5 percentage points above the second quarter of the previous year but 4.5 percentage points below the Business Plan projection of 85 percent. The improvements in OTP are due in large part to recent completion of triple track between Commerce and Fullerton and double track in Orange County. While OTP is notably improving, 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.

OTP on the north portion of the route, between Los Angeles and San Luis Obispo, was 79.9 percent, and between Los Angeles and San Diego, 80.3 percent. The OTP on the individual segments are less than the OTP for the route as a whole. This is because trains that travel through Los Angeles may be late on the segment into Los Angeles, but operate on-time between end points. Thus, the train would be late for the first segment and on-time for the second segment and overall classified as on-time.



Farebox ratio in the second quarter increased by 3.9 percentage points to 60.7 percent and was 4.3 percentage points above the Business Plan projection of 56.4 percent. Revenue for the second quarter increased 4.3 percent compared to the same quarter the previous year primarily due to increased ridership and was 0.1 percent above the Business Plan projection. Expenses over the same quarter declined 2.4 percent, compared with the previous year, and were 7.1 percent lower than the Business Plan projection.



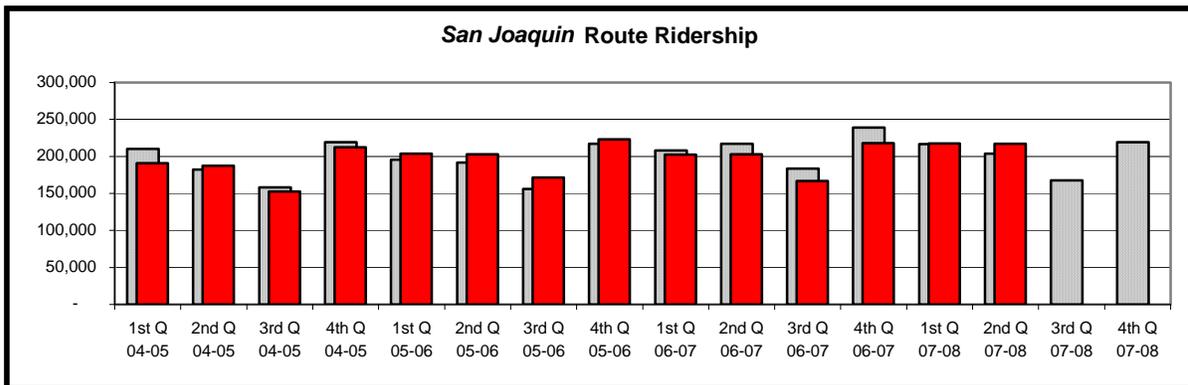
State-Supported Amtrak California Services - 2nd Quarter 07-08							
Pacific Surfliner Route							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	2nd Qtr 07-08	2nd Qtr 06-07	Difference	Percent Change	2nd Qtr 07-08	Difference From Actual	Percent Difference
Ridership	658,571	629,743	28,828	4.6%	649,239	9,332	1.4%
Revenue	\$ 12,215,872	\$ 11,710,933	\$ 504,939	4.3%	\$ 12,200,670	\$ 15,202	0.1%
Expense	\$ 20,108,558	\$ 20,613,054	\$ (504,496)	-2.4%	\$ 21,636,930	\$ (1,528,372)	-7.1%
Farebox Ratio	60.7%	56.8%	3.9%		56.4%	4.3%	
OTP-Route	80.5%	76.0%	4.5%		85.0%	-4.5%	
OTP-North	79.9%	75.9%	4.0%				
OTP-South	80.3%	77.4%	2.9%				

San Joaquin Route

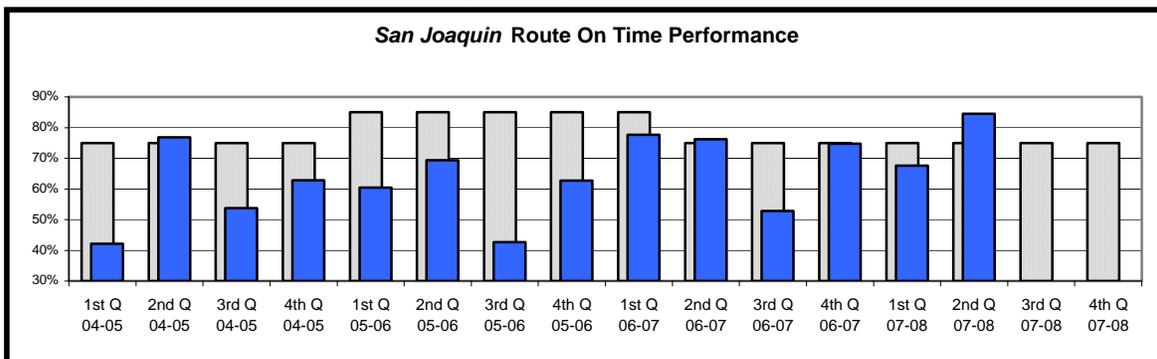
Currently, six daily train round-trips serve the *San Joaquin Route*, four operating between Oakland/San Francisco and Bakersfield and two between Sacramento and Bakersfield. All six round-trips have dedicated bus connections between Bakersfield and Los Angeles and other points throughout Southern California.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

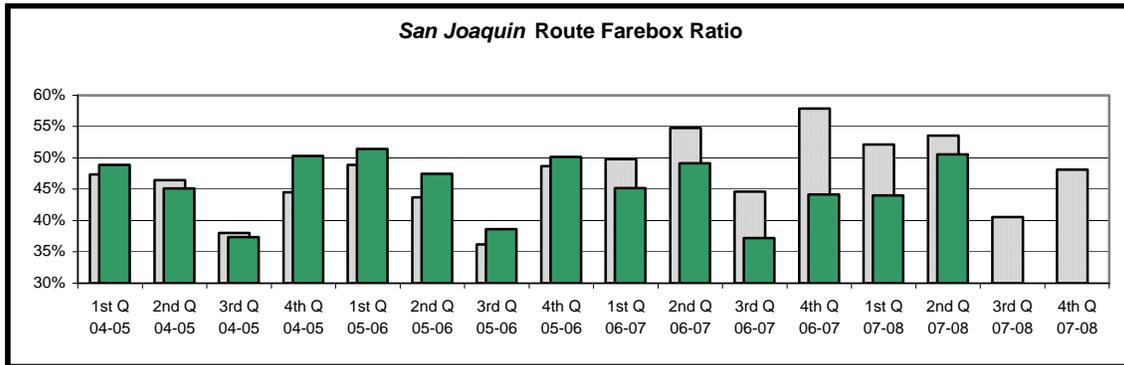
Ridership on the *San Joaquins* for the second quarter was 7.1 percent above the same period the prior year and was 6.6 percent above the Business Plan projection. Ridership records were set in two of the three months of the quarter. This strong ridership showing is likely the result of high gasoline prices and the impressive increase in on time performance.



On-time performance (OTP) in the second quarter was 84.5 percent, an 8.3 percentage point increase over the same quarter in 2006-07, and 9.5 percentage points above the Business Plan projection of 75 percent. Improved OTP was due to the operating railroad handling the trains in a timely manner, lack of significant trackwork projects that would interfere with scheduled operation, and a reduction in freight traffic due to the slowdown in the economy. Even during traffic heavy December, the *San Joaquins* operated on time 88.2 percent of the time.



Farebox ratio in the second quarter increased to 50.6 percent, 1.5 percentage points above the same period of the previous year and 3.0 percentage points below the Business Plan projection of 53.6 percent. Revenue for the second quarter increased 6.7 percent compared to the previous year and was 2.8 percent below the Business Plan projection. Expenses increased 3.7 percent compared with the previous year and were 3.0 percent above the Business Plan projection.



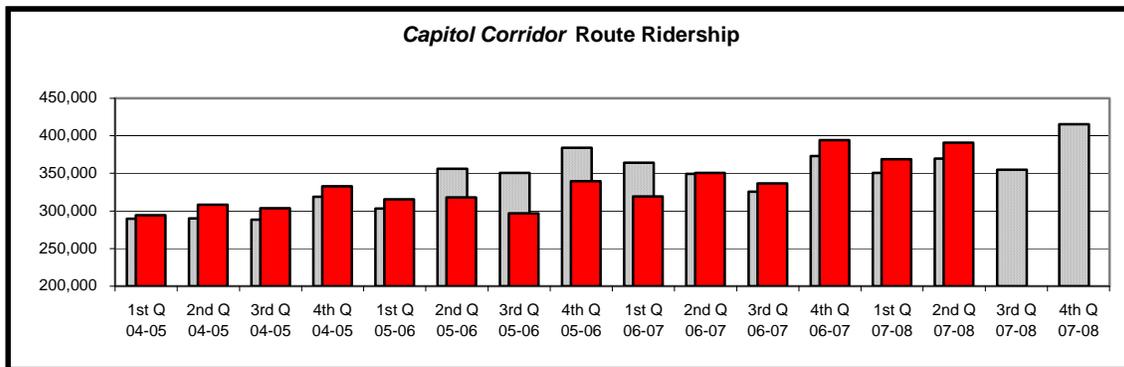
State-Supported Amtrak California Services - 2nd Quarter 07-08							
San Joaquin Route							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	2nd Qtr 07-08	2nd Qtr 06-07	Difference	Percent Change	2nd Qtr 07-08	Difference From Actual	Percent Difference
Ridership	217,249	202,757	14,492	7.1%	203,819	13,430	6.6%
Revenue	\$ 7,541,771	\$ 7,066,654	\$ 475,117	6.7%	\$ 7,758,057	\$ (216,286)	-2.8%
Expense	\$ 14,914,118	\$ 14,380,975	\$ 533,143	3.7%	\$ 14,480,297	\$ 433,821	3.0%
Farebox Ratio	50.6%	49.1%	1.5%		53.6%	-3.0%	
On-Time Performance	84.5%	76.2%	8.3%		75.0%	9.5%	

Capitol Corridor

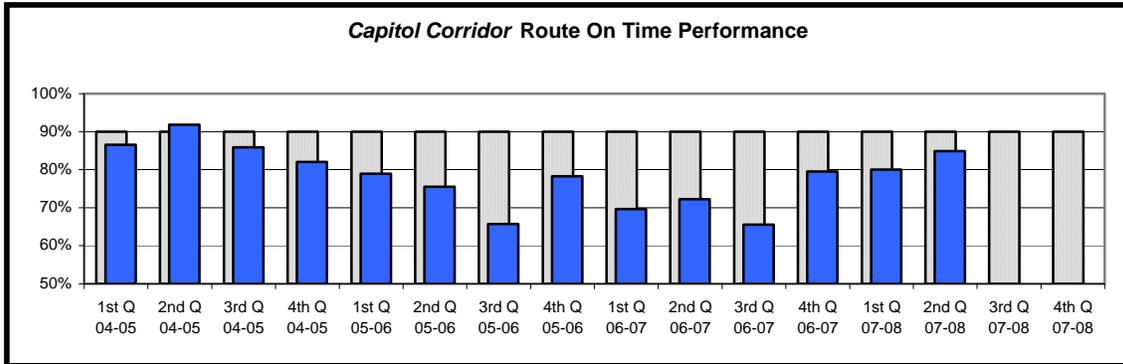
On August 28, 2006, the Capital Corridor Joint Powers Authority added four weekday round trips between Sacramento and Oakland and extended three additional round trips south from Oakland to San Jose, bringing the total level of service to 16 weekday round-trips between Oakland and Sacramento with seven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

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

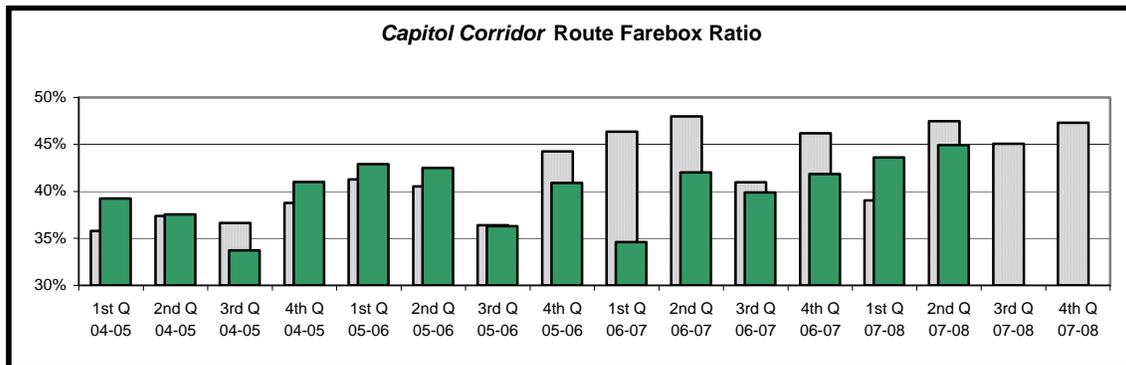
Ridership on the *Capitol Corridor* continues to grow steadily, and with the increase in service, new monthly records were set in all three months of the second quarter. The route has now set new monthly records in each of the last 15 months. Total ridership in the second quarter increased 11.5 percent compared to the same period the year before and was 5.8 percent above the quarter’s projection in the Business Plan. Strong ridership is likely the result of higher gasoline prices, improved OTP, and increased trip options resulting from frequencies added in August 2006.



On-time performance (OTP) improved significantly to 84.9 percent, 12.6 percentage points above the comparable quarter the previous year. However, it was 5.1 percentage points below the Capitol Corridor Business Plan projection of 90 percent. This marked the best quarterly OTP in ten quarters. The improvement in OTP can be attributed to the operating railroad, Union Pacific, modifying their dispatching to limit freight train interference with the *Capitol Corridor* trains, including operating some trains at night where there is no conflicting passenger train moves. The slowdown in the economy with less freight traffic handled on this route is also a factor.



Farebox ratio in the second quarter increased 2.9 percentage points to 44.9 percent and was 2.6 percentage points below the Business Plan projection. Revenue for the second quarter increased 15.2 percent compared to the same quarter the previous year and was 7.6 percent higher than the Business Plan projection. Expenses increased 7.7 percent compared with the same quarter the previous year and was 13.7 percent higher than the Business Plan projection.



State-Supported Amtrak California Services - 2nd Quarter 07-08							
Capitol Corridor							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	2nd Qtr 07-08	2nd Qtr 06-07	Difference	Percent Change	2nd Qtr 07-08	Difference From Actual	Percent Difference
Ridership	390,931	350,650	40,281	11.5%	369,422	21,509	5.8%
Revenue	\$ 5,431,334	\$ 4,716,007	\$ 715,327	15.2%	\$ 5,049,661	\$ 381,673	7.6%
Expense	\$ 12,089,700	\$ 11,229,187	\$ 860,513	7.7%	\$ 10,637,616	\$ 1,452,084	13.7%
Farebox Ratio	44.9%	42.0%	2.9%		47.5%	-2.6%	
On-Time Performance	84.9%	72.3%	12.6%		90.0%	-5.1%	

Future Progress Report on Implementation of State Rail Plan Goals

The Commission at its January meeting provided advice and consent on the draft 2007-08 to 2017-18 California State Rail Plan. The consent resolution states that the Department will report to the Commission on its progress in meeting a number of goals in the State Rail Plan:

WHEREAS, the Department has also agreed to report on its progress in implementing its State Rail Plan:

- By May 31, 2008 regarding limited express service between San Diego and Los Angeles;
- Semi-annually on investigating the provision of internet access on intercity rail trains;
- Semi-annually on working with SANDAG to identify a suitable place for a layover facility;
- Quarterly on meeting its short-term, intermediate-term, intermediate-to long-term, and long-term goals for its passenger rail element and freight rail element.

The Department plans to report at the May 2008 Commission meeting on limited express service between San Diego and Los Angeles. The Department will commence reporting on a quarterly basis on progress in meeting the State Rail Plan goals in its first quarterly report for 2008-09 (July – September 2007). 2008-09 is the first year of the 10-year planning period of the State Rail Plan.