

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: September 24-25, 2008

Reference No.: 5.1a.(1)
Information Item

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Subject: ANNUAL REVIEW OF STRATEGIC BUSINESS PLAN FOR SAN JOAQUIN INTERCITY RAIL ROUTE

SUMMARY:

At the request of the California Transportation Commission (Commission), the California Department of Transportation (Department) is presenting a draft of the San Joaquin Route Business Plan for Federal Fiscal Year (FFY) 2008-09 (Plan) to the Commission for review. The Plan, which reflects the Governor's Fiscal Year (FY) 2008-09 Proposed Budget, includes operating, marketing, and capital action plans, with key actions planned for FFY 2008-09.

BACKGROUND:

The Plan outlines one-year actions designed to meet the FFY 2008-09 performance standards proposed in the Plan. Ridership is projected to be 995,500, 18.9 percent above the FFY 2007-08 standard and 11.1 percent above actual State FY 2007-08 ridership of 894,346. This is an aggressive but achievable goal, given the dramatic ridership increases in the past few months.

The farebox ratio is projected to be 51 percent, the result of a 15.6 percent projected increase in revenues and a 7.7 percent projected increase in expenses. The farebox standard is 3.5 percentage points above the FFY 2007-08 standard of 47.5 percent. Actual State FY 2007-08 farebox ratio was 44.9 percent. The on-time performance (OTP) standard is 85 percent, 10.0 percentage points above the FFY 2007-08 standard, and 4.8 percentage points above actual State FY OTP of 80.2 percent.

Ridership during the first nine months of FFY 2007-08 has been impressive. It is up 15.2 percent compared to the same period the prior year. Particularly notable are the months of January 2008 where ridership was up 19.6 percent, February 2008 was up 18.4 percent, March 2008 was up 26.7 percent, May 2008 was up 21.3 percent and June 2008 was up 34.0 percent. In June 2008, the all-time ridership record for the route was set at 96,476 passengers.

All policies in the Plan are consistent with the Draft 2007-08 – 2017-18 California State Rail Plan that was reviewed and approved by the Commission January 2008 and is currently under review by the Governor. All of the actions for FFY 2008-09 outlined in the Plan have the goal or goals of

increasing ridership and customer satisfaction, increasing revenue or decreasing expenses, and increasing safety. Key operation actions include: evaluate and test potential for on-board wireless service, pursue implementation of on-board automated ticket sales and validation, initiate new Thruway bus service between Bakersfield and Los Angeles International Airport, consider fare increases, implement on-board mid-route restroom cleaning, and continue to install Quik-Trak ticket machines.

Key capital actions include: complete the Merced crossover project, construct track and signal improvements in Kings Park in Kings County, construct siding track and signals at Emeryville, complete construction of the new Madera station, construct a bus terminal and parking structure at Emeryville, initiate safety and security projects using Homeland Security grant funding, and continue the rebuild of 66 California Cars.

Key marketing actions include: promote new bus routes, introduce a combined San Joaquin/Capitol Corridor timetable in fall 2008, enhance the on-line timetable, continue California Operation Lifesaver educational and media campaigns, and continue advertising campaigns.

The Governor's proposed FY 2008-09 Budget includes \$32.2 million in operating support for the route. There are no new route frequencies or expansions planned for FFY 2008-09.

San Joaquin Route

FFY 2008-09 Business Plan



State of California
Department of
Transportation
June 2008

DRAFT



Arnold Schwarzenegger, Governor
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TABLE OF CONTENTS

Chapter 1	5
San Joaquin Service Overview	
Work Plans for 2008-09	5
Intercity Passenger Rail Mission.....	7
Intercity Passenger Rail Vision.....	7
Intercity Passenger Rail Service Supports the Environment.....	7
Route Description.....	9
Current Service Level.....	10
Business Structure.....	12
Operating Overview	12
Chapter 2	13
Operating Plan	
2007-08 Accomplishments.....	13
Work Plan 2008-09: Ongoing Activities	15
Work Plan 2008-09: New Activities	16
Chapter 3	19
Marketing Plan	
2007-08 Accomplishments.....	19
Work Plan 2008-09: Ongoing Activities	20
Work Plan 2008-09: New Activities	22
Chapter 4	24
Capital Plan	
2007-08 Completed Project Accomplishments	24
Capital Plan Summary	24
California Office of Homeland Security Grant Projects	27
Track and Signal Projects.....	27
Station Projects.....	28
Maintenance and Layover Facilities	30
Equipment	30
Chapter 5	32
Performance Standards and Results	
Performance Standards Categories	32
Basis for Achievement of Performance Standards.....	33
Performance Standard Analysis	33
Comparison of FFY 2006-07 Performance Standards and FFY 2006-07 Actual Results...	33
2007-08 Performance Standards.....	34
FFY 2008-09 Performance Standards	34
Historical Performance Prior to FFY 2007-08.....	35

TABLE OF FIGURES

Figure 1.1 – Rail vs. Auto - CO2 Emissions and Energy Use	8
Figure 1.2 – California Growth 2002-2007	9
Figure 1.3 – San Joaquin Train and Bus Service.....	11
Figure 4.1 – Summary of Capital Projects	24
Figure 4.2 – Detail of Capital Projects - Allocated	25
Figure 4.3 – Detail of Capital Projects - Programmed.....	26
Figure 4.4 – Stockton Passenger Track and Station Locations, Current	29
Figure 5.1 – San Joaquin Route Performance Standards.....	32
Figure 5.2 – San Joaquin Route Annual Operating Performance.....	37

Chapter 1

San Joaquin Service Overview

The San Joaquin Route FFY 2008-09 Business Plan (Plan) presents a one-year plan of actions and describes recent accomplishments. It is based on the Federal Fiscal Year (FFY) 2008–09 which extends from October 1, 2008 to September 30, 2009. The Plan has been undertaken by the Division of Rail (Division) of the California Department of Transportation (Department).

The Service Overview includes an outline of work plans for 2008-09, particularly those of Operations, Marketing and Capital Plan. It also outlines the intercity passenger rail mission and vision and the environmental benefits of passenger rail service. It also gives a brief overview of the Route characteristics and current service levels as well as the corridor business structure.

The Department's long-range plan, titled "California State Rail Plan 2005–06 to 2015–2016", dated December 2005, is a ten-year plan for State-supported rail passenger services in California. It includes passenger and freight elements, as well as long-range capital and operating plans for the San Joaquin Route. The Draft 2007–08 to 2017–18 California State Rail Plan is currently under review by the Governor's Office.

Work Plans for 2008-09

Operations

Intercity Rail Connectivity

- Promote expansion of Transit Transfer Pass with local agencies; investigate further options for direct connectivity with other rail systems.

Amtrak Bus Operations

- Evaluate the bus program for opportunities for cost-effective expansions or to restructure or discontinue bus routes that are not cost effective.
- Initiate new service in Fall 2008 between Bakersfield and Los Angeles International Airport via west Los Angeles.

Food Service

- Continue evaluation of menu items; add new menu items as appropriate.
- Pursue mobile food-service cart implementation.

On Board Amenities

- Implement mid-route cleaning of restrooms.
- Evaluate and testing of potential for on-board wireless service.

Ticketing and Fares

- Implement on-board, automated ticket sales and validation, if pilot program on the Capitol Corridor is successful.
- Evaluate market reaction to Spring 2008 fare reductions and adjust accordingly. Fare increases will be considered to offset increased operating expenses from higher diesel locomotive fuel costs.
- Continue to install Quik-Trak ticket machines.

Marketing

Advertising, Public Relations and Partnerships

- The Department will promote the recent addition of Amtrak bus connections from Merced to the eastern Sierra and a new route between Bakersfield and Los Angeles International Airport through west Los Angeles.
- The Department will sponsor the ceremony opening the new Madera train station in the winter of 2008-09.
- The Department, Amtrak and California Operation Lifesaver will provide bilingual staff for information booths at the annual 2008 National Council of La Raza.
- Continue contract with Glass McClure for advertising services.

Passenger Information

- The Amtrak California website will be revised for easier navigation. It will provide more content, and a comment and suggestion feature.
- The Fall/Winter On-Line Timetable in 2008-09 will include an enhanced Amtrak California System Map which will allow users to "point and click" the icons for specific trains, stations or bus routes as well as view all relevant timetables and amenities.
- A combined San Joaquin / Capitol Corridor timetable will be introduced in Fall 2008.

Rail Safety

- California Operation Lifesaver will continue to actively promote rail safety educational and media campaigns in Central California.

Capital Plan

Track and Signal projects

- Construct siding track and signals at Emeryville.
- Construct track and signal improvements at Kings Park in Kings County.
- Complete Merced Crossover Project.

Station Projects

- Complete construction of new Madera station and associated track work.
- Construct bus terminal and parking structure at Emeryville.
- Complete Fresno station shelters, parking lot and traffic circulation project.

Equipment

- Continue rebuilding of 66 rail cars.

Homeland Security

- Utilize Homeland Security funding for the development of security projects in the corridor.

Intercity Passenger Rail Mission

The Intercity Passenger Rail Mission for California is to:

Provide and promote Intercity Passenger Rail services while improving, expanding, and integrating all rail service into California's transportation system.

Intercity Passenger Rail Vision

The Intercity Passenger Rail Vision for California is to:

- Provide a rail transportation alternative to other travel modes.
- Provide relief to highway and air transportation congestion.
- Improve air quality, conserve fuel and contribute to efficient and environmentally superior land use.

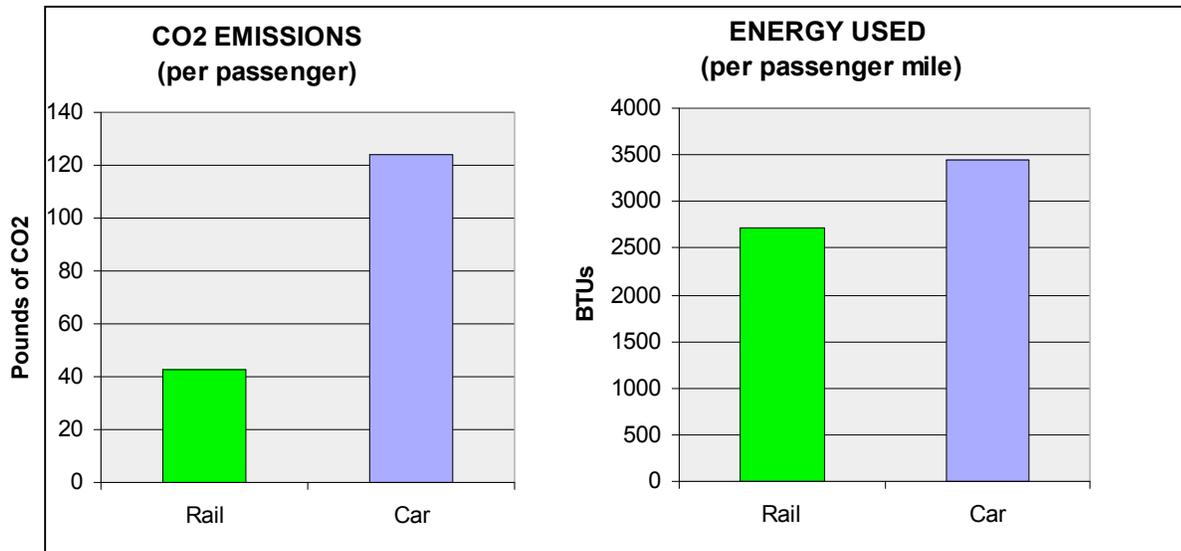
Intercity Passenger Rail Service Supports the Environment

Intercity Rail Supports AB 32

Intercity Passenger Rail supports the Administration's "Global Warming Solutions Act" (AB 32, 2006). This landmark bill requires global warming emissions in California to be reduced to 1990 levels by 2020. Intercity rail becomes more efficient as the number of passengers increase per train. The Department is also working to reduce emissions and improve the fuel efficiency of its locomotives.

Both carbon dioxide (CO₂) emissions and energy use are less for rail travel compared to automobile travel. Recent data illustrate that on a per passenger basis, trains emit 43 pounds of CO₂ compared with automobiles which emit 124 pounds. Trains on a per passenger mile basis, use 2,709 British Thermal Units (BTUs) compared with automobiles which use 3,445 BTUs (see Figure 1.1).

Figure 1.1 – Rail vs. Auto - CO2 Emissions and Energy Use



Intercity Rail Locomotives Are Environmentally Friendly

Over the past decade, the Department has improved the fuel efficiency and reduced the emissions of State-owned locomotives to meet and exceed the Environmental Protection Agency's (EPA) emission requirements for diesel locomotives.

The State owns 17 locomotives (15 General Motors [EMD] F59 units and two General Electric [GE] units) all purchased before 2001. Although purchased before 2001, when federal requirements were mandated, the F59 locomotives have been upgraded to 2001 standards, and will meet the most recent requirements after their next overhaul, scheduled to begin during the summer of 2009. The two GE locomotives will be overhauled in late 2008 when they will meet requisite standards. In addition, locomotive power units which generate electricity for lighting and utilities within the passenger cars are being updated. Finally, all F59 locomotives will be equipped with Automatic Start Stop (AESS) systems within the next two years to reduce excessive engine idling.

Intercity Rail Reduces Highway Traffic Congestion

In many intercity corridors highway demand is near or has already exceeded capacity, and in many instances, it is not financially or environmentally feasible to add capacity to the highway. On the other hand, intercity rail provides congestion relief and adding more trains provides additional congestion relief. Intercity rail thus provides an alternative to building new highway capacity. Intercity rail service reduces vehicle miles traveled, vehicle emissions, and fuel consumption, thereby helping to reduce dependence on scarce petroleum resources (see Figure 1.2).

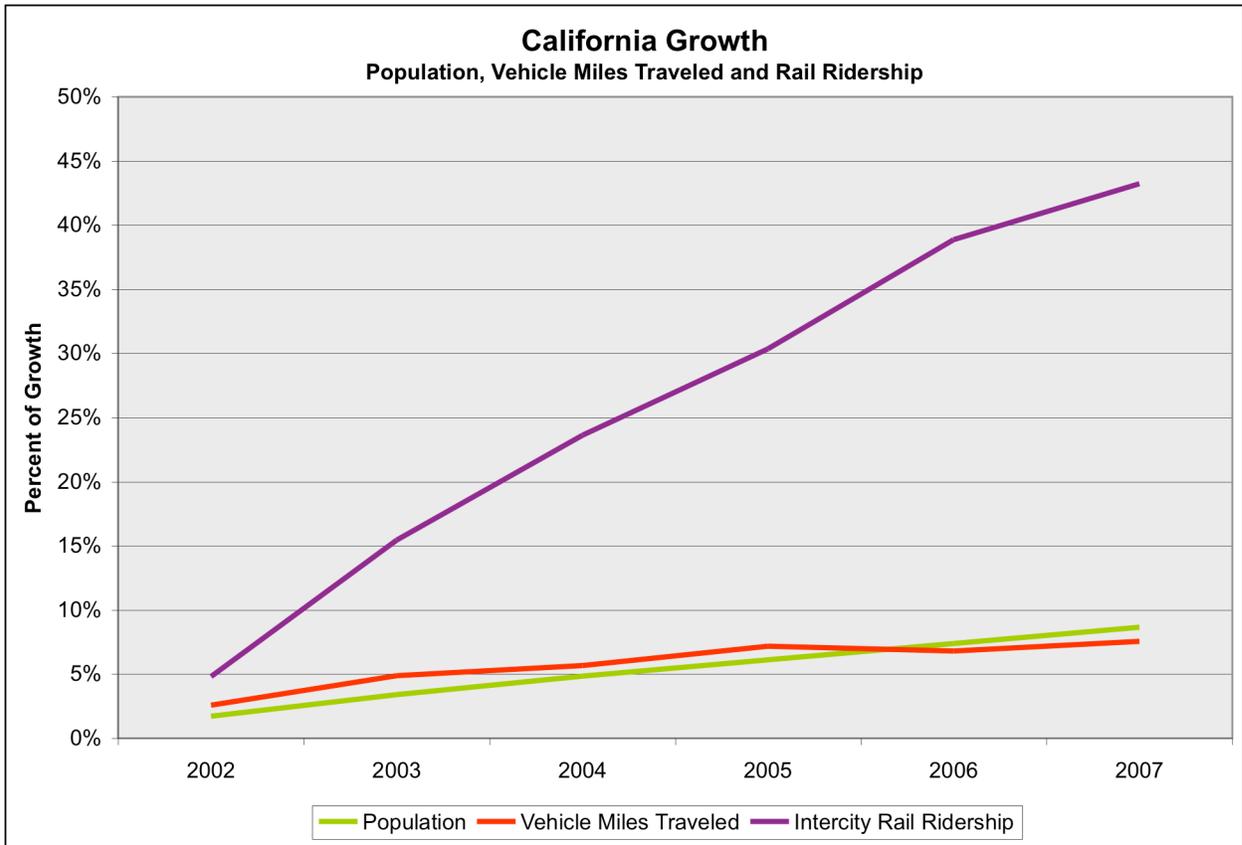


Figure 1.2 – California Growth 2002-2007

Intercity Rail Supports Smart Land Use

The Department supports efforts by cities, counties and the private sector to develop and maintain transit-oriented development projects near rail stations that enhance community livability by providing housing options, jobs, retail, and services within easy walking distance of the stations.

Route Description

The San Joaquin Route extends 234 miles north from Bakersfield to Stockton where the route splits. The original route turns west at Stockton for 82 additional miles to Oakland, while the Sacramento leg continues north for 49 miles to Sacramento. The Oakland-Bakersfield route comprises 316 total route miles, while the Sacramento-Bakersfield route is 283 total route miles. As the trains serving Oakland and Sacramento use the same tracks between Stockton and Bakersfield the total route encompasses 365 miles.

Amtrak operates the San Joaquins under provisions of its contracts with the BNSF Railway (BNSF) and the Union Pacific Railroad (UP). The BNSF owns the majority of the San Joaquin Route right-of-way, 277 miles between Port Chicago and Bakersfield. The UP owns 39 miles between Oakland and Port Chicago and 49 miles between Stockton and Sacramento. The

route has 17 total train stops including the three terminal stops: Oakland, Sacramento, and Bakersfield. The scheduled train-running time between Oakland and Bakersfield averages six hours nine minutes at an average speed of 51.3 mph. The scheduled running time between Sacramento and Bakersfield averages five hours 16 minutes at an average speed of 53.7 mph.

Current Service Level

Currently, six daily 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. In the north, 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. The extended bus system includes connections to communities throughout Northern California (see Figure 1.3).

The arrival and departure of the four Oakland-Bakersfield trains, traveling in both directions, are spread through the daytime schedule. The two Sacramento-Bakersfield trains offer morning departures in both directions and late afternoon/evening returns in both directions. These trains make day trips in either direction possible and attractive for business and leisure travelers in the Valley. An additional Sacramento - Bakersfield round-trip is planned in FY 2011-12, when the Department anticipates the procurement of new cars and locomotives.

Figure 1.3 – San Joaquin Train and Bus Service



Business Structure

The State and Amtrak began sharing the operating costs of the San Joaquin Route in 1979, with the State's portion increasing over time as Amtrak moved toward full cost recovery. Through its operating contract with Amtrak, the State pays all variable costs (such as fuel and crew costs) and Amtrak pays fixed costs (basic administrative and infrastructure costs). The State administers and oversees the Route's marketing, scheduling, provision of on-board services, and owns all San Joaquin rolling stock (cars and locomotives) while Amtrak maintains and operates the trains.

The San Joaquin and Capitol Corridor Routes coordinate in a number of areas. The Capitol Corridor is administered by the Capitol Corridor Joint Powers Authority (CCJPA) and operated by Amtrak with state funds. The two routes share the Northern California equipment fleet, overlap service areas from Martinez to Oakland, share some marketing initiatives, and have some capital projects in common.

The Department works closely with the San Joaquin Valley Rail Committee (SJVRC) that acts as an advisory group on matters affecting the San Joaquins. Government Code Section 14074.8 provides that the Committee may confer with the Secretary of the Business, Transportation and Housing Agency on issues relating to intercity passenger rail service for the San Joaquin Route. The SJVRC includes members representing each county served by the San Joaquin trains and two counties with bus connections. The following entities may send representatives to the Committee as Agency Associate Members: Amtrak, BNSF, the Department, the California Public Utilities Commission, the Metropolitan Transportation Commission, Southern California Association of Governments, and the UP. Representatives from the member counties, Amtrak, BNSF Railway, UP, and the Department comprise the SJVRC Technical Advisory Committee.

The connecting bus system is an essential service to the majority of passengers on the San Joaquins. Over 70 percent of the passengers ride a connecting bus. The system has expanded significantly over the years and currently serves Eureka/McKinleyville and Yreka/Medford, Oregon to the north; Truckee/Reno, Nevada to the east, Bakersfield/Las Vegas, Nevada to the southwest; Palm Springs/Indio and San Diego to the south.

Operating Overview

FFY 2006-07 was a positive year for the San Joaquin's. Ridership was 804,785, the highest ever for the route, and 0.6 percent higher than the previous year.

Year-to-date 2007-08 (October 2007 – June 2008) ridership has been extraordinary, up 15.2 percent compared to the prior year. Ridership records were set in all months but two. Ridership in each of the months of March, May and June was up over 20 percent, with June ridership up 34 percent. Revenue increases in those months were notable at approximately 20 percent.

Chapter 2

Operating Plan

2007-08 Accomplishments

Connectivity

With Other Rail Systems – Recently the Department implemented joint connecting service between Altamont Commuter Express (ACE) and San Joaquin trains at Stockton. This allows transfers from/to one daily train each direction (via bus shuttle transfer between Stockton rail stations) to transfer to a mid-day ACE train for travel to/from San Jose. This allows one less bus round-trip to be run between Stockton and San Jose. (See Work Plan later in this chapter for additional service implementations.)

With Other Intercity Rail Routes – The Department, in cooperation with the Capitol Corridor Joint Powers Authority (CCJPA), implemented joint-route corridor service between Martinez and Oakland. Passengers in this area may board either a San Joaquin or Capitol Corridor train on the same ticket, increasing total weekday round-trips here from sixteen to twenty. Passenger convenience is maximized by waiving the reserved seat requirement on San Joaquin trains between Oakland and Martinez.

Amtrak Thruway Bus Service – In May 2007, the following changes were made: a fifth Redding trip was added to Route 3; Route 37 was rescheduled to permit one-day trips from Fresno to Salinas and Monterey; Route 19 was extended from Indio to the Imperial Valley cities of Brawley, El Centro and Calexico, and Hemet service was reduced to one round trip.

Limited-period bus service was initiated in May 2008 from Yosemite to the eastern Sierra communities of Lee Vining, June Lake and Mammoth Lakes. Amtrak passengers may be ticketed through Merced to Yosemite, as well as the eastern Sierra communities. The service will continue until September 28, 2008.

The Department is charged with assessing the economic viability of bus routes and recommending improved marketing, restructuring or elimination. With the May, 2008 schedule change, one route was shortened and one was eliminated due to poor performance. The extension of the Palm Springs / Indio bus to Calexico was dropped and the Monterey-Merced service was discontinued. While such cuts are not desirable, they allow limited resources to be transferred to other routes that may serve more Californians.

Bus-Only Service on Amtrak Thruway – SB 684 (Cox) allows local travel on the Thruway bus service from South Lake Tahoe to Sacramento. On all other routes, passengers are restricted by law to travel only when connecting to rail service. While this does not increase revenue for the corridor, extra ticket sales for local service may increase revenue on the bus route.

Food Service

In October 2006, the Department acquired new coffee machines for all food service cars operating on the Capitol Corridor and San Joaquin trains. Menu Items continued to be evaluated and changed on a regular basis.

Fares and Ticketing

Fares – The San Joaquin Valley Vision Group (a joint Amtrak and Department group that plan service innovations) took the step of lowering one-way fares by an average of 21 percent at a time of rising fuel prices. Working carefully with Amtrak’s revenue management team, they lowered the low-end fares of the price structure by 25 percent and increased the number of tickets available at that price. The goal was to fill seats, especially on days-of-the-week with lower ridership, and as a result bring in more overall revenue. This fare-lowering was combined with an aggressive marketing campaign on TV and on-line, featuring city-pairs and the former prices followed by the prices dramatically “rolling back” to the new fares. The pricing change took place on April 15th, 2008. Early results were positive, as May ridership was up 21 percent and revenue was up 22 percent over the previous year. However, the Department will evaluate fare increases for 2008-09 to offset increased Amtrak operating expenses resulting from higher locomotive diesel fuel costs.

Quik-Trak Ticketing Machine Installation – Quik-Trak ticketing machines are located at most rail stations for ease of customer service. Passengers may create a trip and receive a ticket at the machine rather than using a station agent. Alternately, passengers may make reservations on-line or by calling Amtrak and then purchase tickets at the machine by credit card. As well, machines at unstaffed stations benefit patrons who would otherwise have to order tickets through Amtrak reservations or on-board from the conductor.

Stations that have received the machines are Bakersfield, Corcoran, Hanford, Fresno, Merced, Modesto, Stockton, Stockton (ACE), Lodi, Sacramento, Antioch, Martinez, Richmond, Emeryville, Oakland and San Francisco. Wasco is pending due to connection challenges at the station site. Madera is being deferred at its current location; however a Quik-Trak machine may be installed at the new Madera station due for completion in early 2009.

A Quik-Trak machine was installed at the Department Headquarters building in Sacramento in summer 2007. The machine is located in the front foyer so that the general public may use it. This is, so far, the only Quik-Trak machine on the West Coast not located at a rail station. The Director of the Department is actively encouraging state employees to use rail for state business whenever practical.

Caltrans in Transit –The Department launched “Caltrans in Transit,” a web-based travel planner for Caltrans employees in early Summer, 2007. This tool provides employees with the “best bets” for using public transportation when traveling on State business between Headquarters and District offices. The “Caltrans in Transit” web-based travel planner presents employees with transportation options, trip costs, and detailed travel instructions. In addition the Department’s Internet Travel Reservation service was enhanced in 2007 to allow making Amtrak reservations with the same ease as making airline and car rental reservations. Finally, Amtrak installed a Quik-Trak ticket machine at the Department’s Headquarters location in

Summer 2007 that will be available to the public to purchase Amtrak tickets. The Department will monitor the success of the program and possibly expand it to Caltrans Districts.

San Joaquin Corridor Strategic Business Plan

In April 2006 the Department initiated a vision plan for the San Joaquin rail corridor, the Strategic Business Plan (Strategic Plan). It was developed in conjunction with San Joaquin Valley Rail Committee, Amtrak, BNSF, UP, and the public. The goal of the study is to build on the success of the San Joaquins as an alternative transportation system and identify elements to increase service, efficiency, patronage and attractiveness to passengers. The Strategic Plan identifies possible capital projects, time lines, costs, project benefits, and a list of rail - road crossings that need enhanced protections. It will also identify possible Route extensions and their revenue and ridership.

The formal portion of the Strategic Plan was completed in early 2008. This included public outreach, information gathering and compilation, ridership and operating modeling for future services. The service expansion goal in the short run is for a seventh round trip (the ten-year plan is for eight round trips and the 25-year plan is for ten round trips). Another expansion goal is to begin service between Oakland and Stockton to connect with Sacramento-Bakersfield trains. There was also a study of an extension to serve Visalia, study of direct service over Tehachapi Pass to serve Los Angeles, and the location of a new station in Stockton. While many of these improvements will not be undertaken in the near future, due to funding constraints, the Strategic Plan now acts as a framework for the growth of the entire San Joaquin corridor.

Work Plan 2008-09: Ongoing Activities

Train Inspections

Department staff conduct unannounced inspections of San Joaquin trains to examine equipment and monitor customer service. Staff observes and reports on the condition and appearance of safety equipment, restroom facilities, luggage and bicycle storage areas, food service equipment, and the exterior and interior of train cars and locomotives. Staff also monitors the level of service provided by the Amtrak train crew and reviews passenger comment cards. The findings are used to correct deficiencies and to evaluate potential service improvements.

OTP Performance Reviews

Weekly conference calls are held with UP, BNSF, Amtrak, and periodically the Department to identify issues with the prior week's on-time performance (OTP) and review OTP projections for the upcoming weeks. OTP financial incentives are contained in the Amtrak operating agreement with the railroads, thus incentive payments are made based on OTP. The Department has ongoing dialog with the railroads and Amtrak to develop schedules to minimize freight and passenger train operation conflicts, and in the longer-term works with the railroads to identify and fund capital projects that will improve OTP.

Bus Route Cost-Effectiveness

Bus routes are evaluated for their cost-effectiveness. Under Government Code Section 14035.2, the Department is required to do cost recovery analysis on bus routes, and restructure or discontinue routes if they do not meet standards. The Department developed written standards to implement the law, including semi-annual route and segment evaluations. Cost recovery (or break-even) is defined (under the law) by subtracting bus route operations expenses from bus route revenue plus the train revenue contributed from bus route passengers. Under this analysis, the bus system as a whole provides a net incremental monetary gain to the trains.

San Joaquin Valley Vision Group

This group consists of managers from Amtrak and the Division who deal with product management. The group was convened to look at ways to improve service on the San Joaquin corridor. They examine issues regarding marketing strategy, food service, equipment, fares, ridership, and OTP among others.

Work Plan 2008-09: New Activities

Connectivity

With Local Transit - The San Joaquin team plans to investigate the expansion of the "Transit Transfer Pass" Program to additional transit agencies that have not yet joined. Train conductors offer free transfers to participating transit services. Possible additions include transit agencies in both the Central Valley and the San Francisco Bay Area.

With Other Rail Systems - Connectivity between ACE and the San Joaquin's has recently been improved with the direct connection between westbound ACE Train # 4 and southbound San Joaquin Train #704 at Stockton. This is the first direct connect at the Stockton ACE station that does not involve a time consuming bus link between the two rail stations in Stockton.

Thruway Bus Service - In Fall 2008, a new service will be added from Bakersfield to Los Angeles International Airport (LAX) through Van Nuys and UCLA. This is a reimplemention of similar service that was discontinued a decade ago. Changes in connectivity and improved public transit through the west side of Los Angeles shows strong promise. Two to four round trips will connect the San Joaquins in Bakersfield to LAX.

Parking Facilities - The City of Oakland is constructing a five story parking structure immediately adjacent to the Oakland Amtrak Depot on the site of the old parking lot. The five story structure is located immediately to the north of the station platforms and will have spaces for 1,500 cars. It will be pay lot and available to both short and long-term Amtrak passengers and to members of the public.

Amtrak Bus Operations

Bus Route Cost-Effectiveness - The 2008-09 Bus Route evaluations will be challenging. The price of fuel has skyrocketed, requiring not only larger payments to the bus contractors, but a re-evaluation of how future contracts will be structured. Routes which were marginally

profitable may now, or in the near future, be unprofitable. The volatile nature of fuel prices makes planning especially difficult. While this economic climate is a challenge, it provides incentive to discontinue or improve poorly performing routes and to maximize Department resources. A committee consisting of Amtrak, CCJPA, and Department representatives is meeting regularly to adjust bus services in response to the fuel price increases.

Bus Driver Appearance – Drivers on all routes will soon be required to meet certain dress code standards. This is part of an overall program to increase the professionalism of the bus employees and make a more seamless transition between modes with similar expectations of employee conduct.

Food Service

Mobile food-service cart service has been introduced on the San Joaquins, with a single cart being used for a pilot program in early 2008. The cart serves snacks and beverages and can move through the entire train on the upper level. The server will also take items downstairs to serve disabled passengers. If the cart proves successful (incremental labor cost is less than the profits from sales), two additional carts will be ordered to cover the busiest trains in the corridor. The Capitol Corridor has also shown interest in the service.

Regular food service has been recently enhanced with new menu items in response to passenger input. New menus feature eye-catching graphics.

Streamlined Operations / Electronic Train Management System

The BNSF is investigating the use of an electronic train management system (ETMS) on its corridor through the Central Valley. The system will be utilized by the San Joaquin's.

ETMS is a wireless network of communications between locomotives, wayside signaling systems and dispatchers that functions as a safety overlay on top of existing train control and signal systems. The purpose is to improve safety and to prevent train collisions and accidents. The BNSF current timeline is to begin work on the system in 2009, although funding still needs to be finalized.

Passenger Amenities

Premium Class Service – Many corridor routes in the Amtrak system, including the Pacific Surfliners in Southern California, offer a premium class (extra fare) coach service with special amenities for the passengers. The San Joaquins offered such a service briefly in the late 1980's but it was not successful. Demand projections and ways to accommodate the service using present equipment will be explored, and if feasible premium class service will be offered in the future.

Wireless Internet Service – The Capitol Corridor is investigating the possibility of implementing wireless internet service on the trains which would have both passenger and train operating applications. If the service proves feasible, the Department will begin implementation of the system on the San Joaquins.

On-Board Cleaning Service – Passenger surveys over the last couple of years indicated one of the top complaints among passengers was the deteriorating cleanliness of restrooms as the

train traversed its six-hour run. To alleviate this, the Department is working with Amtrak to implement mid-route cleaning of all the bathrooms while the train is underway. The cleaning crew will travel from Modesto to Fresno and return on selected schedules. The effectiveness of the program will be evaluated for adjustment/expansion/termination.

Recycling

A recycling program is currently undergoing implementation on the Capital Corridor. The success of the program will be evaluated and if successful may be expanded to include the San Joaquins.

Ticketing and Fares

Fares – The 25 percent single-ride fare reductions will test customer reaction in the market. Fares and marketing will be adjusted as ridership and revenue in the months following the fare change are carefully evaluated.

Quik-Trak Ticketing Machine Installation – The installation at Wasco will be completed in late 2008. The Department will also be initiating the installation of more Quik-Trak machines at high-traffic, non-rail-station sites. Under evaluation are sites on several University of California campuses.

Automated Ticket Sales – The Department is monitoring the results of a pilot project for automatic ticket sales and validations on board trains by equipping Amtrak conductors with hand-held computers. The State-funded pilot project, which is under the direction of the Capitol Corridor Joint Powers Authority (CCJPA), will be implemented in two phases on the Capitol Corridor Route. Phase One, which will begin in early 2008, consists of a pilot program where the program is developed, coded and tested. Presuming the pilot program is successful, Phase Two will be a system-wide rollout on the Capitol Corridor Route and will replace the existing on-board processes for ticket sales and validation. If the pilot is successful on the Capitol Corridor, the Department will implement it on the San Joaquins.

New Fresno Terminal

Currently there is no layover facility in Fresno for the San Joaquins. If a layover servicing facility was located there, one or more southbound trains could originate in Fresno earlier in the morning, with Los Angeles arrivals well before noon. Northbound, it would be possible to offer end-of-the-workday and/or early evening departures from Los Angeles. Early morning trains to the north could also originate in Fresno and late evening trains from the north could terminate here. The Department is investigating possible locations for such a facility and includes this project in its ten-year capital plan.

Chapter 3

Marketing Plan

2007-08 Accomplishments

Advertising, Public Relations and Partnerships

- In April 2008 fares on the San Joaquins were reduced to attract more customers. Targeted advertising was used to promote everyday low fares between selected city pairs. Initial revenue and ridership results are very positive.
- Amtrak recently sponsored the first celebration of "National Train Day" on May 10, 2008, commemorating the nation's first transcontinental railroad, completed on May 10, 1869. In California, the Department sponsored the main events which took place at the Los Angeles Union, Sacramento, and Emeryville Stations. Open house celebrations along the San Joaquin Route included the Fresno and Bakersfield stations.
- On May 31, 2008 the Department, Amtrak and the City of Hanford sponsored a dedication ceremony for the opening of the new train platform and Kings Area Rural Transit Facility in downtown Hanford. Built adjacent to the Hanford train station, the bus transfer facility is part of the Hanford Intermodal Center, the main transfer point for all buses serving various routes in Kings County as well as Visalia and Fresno.
- The Department partnered with Dominion Enterprises to include Amtrak California advertisements in the "Room\$aver Traveler Discount Guide", a free publication with over five million copies distributed each year. The "Room\$aver" is distributed at all staffed Amtrak California rail stations, Caltrans rest stops, and a variety of commercial establishments in California travel corridors.

Passenger Information

The Amtrak California Timetable for Spring/Summer 2008, released on May 12, 2008, was completely redesigned and added a process for customer feedback. The previously separate San Joaquin and Pacific Surfliner timetables were combined to create a more comprehensive travel planning tool, available both in print and online at www.amtrakcalifornia.com.

Rail Safety

- The Governor's Office of Homeland Security joined with the Department and Metrolink to hold news conferences in Sacramento on April 29, 2008 and Glendale on May 2, 2008, announcing \$15 million in funds allocated under Proposition 1B for improving rail security in the state. The San Joaquin Route received \$2.3 million, the Pacific Surfliner Route received \$1.8 million and the Capitol Corridor JPA received \$1.9 million. Metrolink, a commuter rail agency in Southern California, received \$9.0 million.
- California Operation Lifesaver (CAOL) in partnership with Caltrans and Amtrak California, underwrote two safety campaigns, Merced/Fresno and San Clemente (on

the Pacific Surfliner Route), utilizing print media, radio and internet during the months of February and March, 2008. In the Merced and Fresno areas of Central California, radio and print ads in Spanish were used to reach the large Spanish speaking populations in these communities. The ads encouraged motorists and pedestrians to "Look, Listen, and Live!" when approaching railroad crossings. The Department coordinates its rail safety activities with California Operation Lifesaver, whose major focus is to encourage safe behavior at railroad grade crossings and to discourage trespassing on railroad property. The statewide organization is a coalition of railroads, Federal, State and local agencies, private businesses, and individuals concerned with promoting safety.

Market Research

On April 8, 2008 Amtrak released the most recent report of Ridership Demographic, Behavioral, and Attitudinal Profiles obtained through on-board surveys taken between Fall 2001 and Winter 2008. The report provides data on customer attitudes, desires and preferences in order to better match rail services to customer needs. The report indicates that San Joaquin ridership has the following characteristics: 59 percent are employed; 39 percent are under 35 years old; 46 percent have an annual household income of \$50,000 or more; 53 percent are Caucasian, 23 percent Hispanic, 13 percent African-American, 6 percent Asian and 5 percent are from other ethnic groups.

Work Plan 2008-09: Ongoing Activities

Advertising, Public Relations and Partnerships

Advertising - The Department and Amtrak combine resources to fund Amtrak California's advertising contract, awarded to Glass-McClure Inc. through 2008-09. The contractor develops the message and media choices to reach the target population during a specific marketing campaign. While the Department most often uses radio, newspaper and outdoor advertising, other media, including targeted direct mail, internet advertising, religious and minority press, and traffic report sponsorships are also used to accomplish advertising goals. Also, the Department continues to pursue advertising partnerships that will augment the value of activities paid for through the marketing budget.

The annual advertising plan uses themes related to seasonal activity and is focused on the three target populations: families, the mature market (50+ years) and the Hispanic community. In 2008-09 advertising will continue the "Travel Made Simple" concept and promote everyday low fares and the onboard experience. Advertising mediums will continue to include general market and Hispanic radio and television, online banner ads, and dramatic outdoor billboards featuring prominent images of a San Joaquin train. Boards will continue to be placed in high traffic areas on freeways and roads in Sacramento, Modesto, Hanford, Fresno, and Bakersfield.

The Department continues to evaluate advertising opportunity proposals from various event promoters and business entities. The evaluation process includes an analysis by Glass-McClure Inc. along with a recommendation to accept, reject or negotiate for better terms.

Public Relations - The on-going public relations program is an integral part of the overall advertising plan and includes promotional programs and special events, such as press conferences, station grand openings, and service opening ceremonies. The quarterly newsletter "Making Tracks" features promotions and highlights tourist destinations.

Partnerships - In 2008-09, the Department will continue to partner with the California State Railroad Museum, Oakland Museum, Six Flags Discovery Kingdom, Hanford Visitor Agency, Colonel Allensworth State Historic Park, Sacramento Convention and Visitors Bureau, City of Martinez Chamber of Commerce, California Museum for History, Women and the Arts (Sacramento) and others. The Department also continues to partner with the San Joaquin Valley Air District by advertising the air quality benefits of the train. Additionally, national Amtrak campaigns will continue to be used to augment or complement the advertising efforts in California markets.

Community Outreach

The on-going Community Outreach program promotes San Joaquin ridership, explains the Department's intercity passenger rail programs and policies, and encourages each community to participate in promoting the San Joaquin Route. The community outreach events planned for 2008-09 include the Madera County Fair, Lodi Grape Festival & Harvest Fair, Caltopia at UC Berkeley, Merced County Fair, and the Stockton Asparagus Festival.

Group Travel Programs

Kids 'N Trains - The San Joaquins youth field trip group program "Kids 'N Trains" begins its ninth full season in September 2008. The Kids 'n Trains Program provides youth (aged three to eighteen) and their chaperones with an opportunity to learn about train travel by riding the San Joaquin train. The Department works with Amtrak Group Reservations to coordinate this special discount fare program. Trip planning information is included on the Department's website.

College Student Discount Travel Program - The Department and Amtrak will continue to offer college students a 20 percent discount on the San Joaquin and Pacific Surfliner Corridors. The purpose of the Program is to introduce Amtrak travel to students who might otherwise travel by car to and from campus. In 2008-09 campuses participating in the Program include: Fresno City College, California State University Fresno, University of California campuses at Irvine, Santa Barbara and Merced, California Polytechnic State University San Luis Obispo, California State University Bakersfield, University of the Pacific in Stockton, and Santa Barbara City College.

Rail Safety

The Department continues to work with the Operation Lifesaver campaign on a combination of media advertising and public education events concentrated on certain geographically prioritized areas where accidents have occurred. The Department promotes rail safety by underwriting the cost of training rail safety speakers and the procurement of safety materials such as "no trespassing" signs for use by the railroads.

In addition to the marketing efforts outlined above, the Department, in conjunction with the California Public Utilities Commission, continues to oversee and administer safety-related capital improvement programs such as the Section 130 Federal Crossing Improvement Program and Section 190 State Grade Separation Program to improve and construct rail/vehicle crossings for increased safety.

Market Research

The Department will continue to contract with Amtrak for market research services. These services focus on current train rider demographics, target markets, advertising themes for campaigns, and the effectiveness of campaigns and marketing tools. Focus groups and on-board surveys provide demographic information along with a picture of travel behavior. Profiles are created of typical riders to cover topics including income, ethnicity, travel frequency and trip purpose.

The Department also will continue to contract with Amtrak for the operation and development of the Rail Ridership/Revenue Forecasting Model. The Department and Amtrak use the model to estimate the ridership and revenue impacts of major service changes, such as new services, route extensions or truncations, and frequency and fare changes.

Work Plan 2008-09: New Activities

Advertising, Public Relations and Partnerships

- In 2008-09 the Department will promote the recent addition of Amtrak bus connections from the Merced train station to more locations within Yosemite and continuing further east to the communities of Lee Vining, June Lake and Mammoth Lakes. The new Bakersfield – LAX service will also be promoted.
- The Department will sponsor the dedication ceremony opening the new Madera train station in the winter of 2008-09.
- The Department, Amtrak and California Operation Lifesaver will provide bilingual staff to operate their respective information booths at the annual 2008 National Council of La Raza (NCLR) to be held in San Diego July 12-15, 2008. This year's conference is expected to attract approximately 20,000 people, including many Hispanic Californians. NCLR is the largest national Hispanic civil rights and advocacy organization in the United States.

Passenger Information

- In 2008-09 the Amtrak California website will be revised for easier navigation, provide more in-depth content, and provide customers with a comment and suggestion feature. Customer's input will be evaluated and may be implemented to improve customer service.
- The on-going refinement of the on-line Fall/Winter Timetable in 2008-09 will include enhancing the Amtrak California System Map to allow on-line users to "point and click" the icons for specific trains, stations or bus routes and quickly view all relevant

timetables and amenities. Customer comments and suggestions regarding the timetable will be continually evaluated.

Rail Safety

In 2008-09 California Operation Lifesaver will continue to actively promote rail safety educational and media campaigns in the Merced/Fresno areas of Central California. Radio and print ads in Spanish will be used to reach the large Spanish speaking populations in these communities.

Chapter 4

Capital Plan

2007-08 Completed Project Accomplishments

In 2007-08, three major accomplishments are:

- The Port Chicago to Oakley centralized traffic control (CTC) project was completed, which now wires close to 18 miles of track with CTC circuitry, dispatched from a central location and now the entire route has CTC. Also, as part of the project, the Pittsburg siding was upgraded.
- Ground was broken for the Madera Station, the last major station to be rehabilitated on the route. Moving this unstaffed station from an industrial area to a more attractive location will improve both station safety and passenger access.
- Also completed in the last 2 years was the Calwa-Bowles double track extension and signal, which allows increased OTP and reliability. Coupled with the Shirley-Hanford double track project, a total of approximately 15 miles of new double track has been completed in this area.
- The siding at Escalon was extended to create a 4.4 mile section of double track.

Capital Plan Summary

Figure 4.1 is a summary of currently allocated or programmed projects on the route including stations, track and signal, equipment, and maintenance facilities. All allocated and programmed projects have some State funding and project management involvement.

Figure 4.1 – Summary of Capital Projects

<i>SAN JOAQUIN ROUTE</i>			
Intercity Rail Capital Projects Summary			
<i>(Dollars in thousands)</i>			
Project Type	Allocated	Programmed	Total
Track and Signal	\$ 3,500	\$ 67,950	\$ 71,450
Stations	\$ 15,561	\$ 23,646	\$ 39,207
Maintenance Facilities	\$ -	\$ 39,601	\$ 39,601
Equipment	\$ 14,188	\$ 50,000	\$ 64,188
Total	\$ 33,249	\$ 181,197	\$ 214,446

This Business Plan focuses on the intercity passenger rail short-range capital program, which includes State funding from the 2006 State Transportation Improvement Program (STIP), the Traffic Congestion Relief Program (TCRP), Proposition 1B Bond Program, and local, federal and

private funding sources. Currently \$33.2 million in projects are allocated and an additional \$181.2 million in projects are programmed. Thus, the short-range capital program (through 2011-12) includes \$214.4 million in projects. Projects that are allocated are detailed in Figure 4.2, and programmed projects are detailed in Figure 4.3. Together, Figures 4.1, 4.2, and 4.3 give a complete picture of the current capital projects and improvements on the corridor.

Figure 4.2 – Detail of Capital Projects - Allocated

<i>SAN JOAQUIN ROUTE</i>			
Intercity Rail Capital Projects Allocated			
<i>(Dollars in Thousands)</i>			
Project Description	State Funds	Other Funds	Total Funds
<u>TRACK AND SIGNAL PROJECTS</u>			
Capitalized Maintenance			
Track and signal upgrades.	\$ 2,000	\$ -	\$ 2,000
Stockton Northwest Quadrant Track Connection			
Design phase for track connection.	\$ 1,500	\$ -	\$ 1,500
TOTAL TRACK AND SIGNAL PROJECTS	\$ 3,500	\$ -	\$ 3,500
<u>STATION PROJECTS</u>			
Emeryville			
Design bus terminal and parking structure, construct station improvements.	\$ 109	\$ 1,324	\$ 1,433
Richmond			
Design new 800 space parking garage.	\$ 680	\$ 795	\$ 1,475
Martinez			
Acquire land for additional parking.	\$ 5,500	\$ -	\$ 5,500
Sacramento			
Improve parking lots, auto and bus circulation, security and lighting, and addition of a canopy over the bus loading area.	\$ 725	\$ -	\$ 725
Elk Grove Station			
Construct 8" above top of rail platform with shelter and lighting for the new station.	\$ 800	\$ -	\$ 800
Stockton - Amtrak New Station (BNSF)			
Design and environmental documentation for new station.	\$ 370	\$ -	\$ 370
Stockton-ACE (SP)			
Improve station access for San Joaquin passengers	\$ 4,400	\$ -	\$ 4,400
Madera (Country Club Dr.) Station			
Design and environmental work and some construction for new station.	\$ 858	\$ -	\$ 858
TOTAL STATION PROJECTS	\$ 13,442	\$ 2,119	\$ 15,561
<u>EQUIPMENT PROJECTS*</u>			
66 California Cars			
Rebuild rail cars.	\$ 14,188	\$ -	\$ 14,188
TOTAL EQUIPMENT PROJECTS	\$ 14,188	\$ -	\$ 14,188
TOTAL ALL PROJECTS UNDERWAY	\$ 31,130	\$ 2,119	\$ 33,249

Figure 4.3 – Detail of Capital Projects - Programmed

SAN JOAQUIN ROUTE			
Intercity Rail Capital Projects Programmed			
<i>(Dollars in Thousands)</i>			
Project Description	State Funds	Other Funds	Total Funds
TRACK AND SIGNAL PROJECTS			
Emeryville Station and Track Improvements Extend siding track with associated signal and other track improvements.	\$ 10,000		\$ 10,000
Stockton Northwest Quadrant Track Connection	\$ 3,500	\$ 2,500	\$ 6,000
San Joaquin Route Capacity Improvements - Escalon to Stockton Track and signal improvements between Stockton and Escalon.	\$ 33,450	\$ -	\$ 33,450
Kings Park Track and Signal Improvements Improve track and signals alongs rail line near Hanford in Kings County.	\$ 18,500	\$ -	\$ 18,500
TOTAL TRACK AND SIGNAL PROJECTS	\$65,450	\$2,500	\$67,950
STATION PROJECTS			
Emeryville Construct bus terminal and parking structure.	\$ 4,200	\$ -	\$ 4,200
Richmond Construct an 800 space parking garage.	\$ 4,320	\$ 13,441	\$ 17,761
Madera (Country Club Dr.) Construct a two-lane access road, parking lot, platform, and shelter for a new station.	\$ 1,685	\$ -	\$ 1,685
TOTAL STATION PROJECTS	\$ 10,205	\$ 13,441	\$ 23,646
MAINTENANCE/LAYOVER FACILITY PROJECTS			
Sacramento Maintenance Facility Design and build storage track and maintenance facility.	\$ 30,000	\$ -	\$ 30,000
Fresno Layover Facility Design and build layover facility.	\$ 9,601	\$ -	\$ 9,601
TOTAL MAINTENANCE/LAYOVER FACILITY PROJECTS	\$39,601	\$0	\$39,601
EQUIPMENT PROJECTS			
Procure New Rail Cars Purchase bi-level intercity rail cars and locomotives.	\$ 50,000	\$ -	\$ 50,000
TOTAL STATION PROJECTS	\$ 50,000	\$ -	\$ 50,000
TOTAL ALL PROJECTS PROGRAMMED	\$165,256	\$15,941	\$181,197

The Rail Plan shows the long-range ten-year capital plan. The unconstrained plan for the route (as shown on Figure 2A of the Rail Plan) has \$592.2 million in projects. Thus, it is clear that currently programmed State funds are not adequate to fund the longer-range intercity passenger rail capital plan. The long-range plan includes the assumption that a seventh frequency would be added in FFY 2011-12 and an eighth frequency would be added in FFY 2014-15.

Some further explanation on Figures 4.2 and 4.3 is provided here. Figure 4.2 shows all projects that are currently allocated. Projects are defined as being allocated if State funds have been approved by the California Transportation Commission (CTC). Figure 4.3 shows all projects that are programmed for funding – generally in the 2006 STIP and Augmentation, TCRP, and Proposition 1B Bond projects. It is important to note that a single project will

usually be funded from multiple funding sources, and larger projects are often funded and completed in phases. Therefore, one project (particularly larger projects) could be listed on both Figures 4.2 and 4.3.

California Office of Homeland Security Grant Projects

The San Joaquin Corridor received \$2.4 million in California Homeland Security grant funding. Safety and Security projects are the only ones available to receive the grant funds. These projects are not included in Figures 4.2 and 4.3 as they are not allocated by the CTC. These projects are undertaken jointly with the CCJPA.

The following is a description of those projects:

Locomotive and Cab Car Cameras – \$450,000 to add forward-facing cameras onto all the locomotives in the Northern California equipment fleet. The cameras record all events with an ‘engineer’s-eye view.’ All cab cars (passenger cars with locomotive operation controls) will also be equipped with these camera since southbound trains on the San Joaquin Route are operated in ‘push mode’, with the cab cars facing forward.

On-Board Passenger Information System – \$1.0 million for a high-tech, prototype rail car equipped with the latest in passenger information and electronic security technologies. Technologies that may be installed include GPS, real-time train location displays, real-time schedule information, high-definition graphic displays, in-train audio with sources on or off the train, high-speed internet connections, a satellite-based dispatching system and passenger emergency notification systems. These systems will be field tested on this car and carefully evaluated for possible inclusion on all equipment in the fleet.

Passenger Information Displays – \$663,930 to update the passenger information displays at the stations. The current displays and the equipment that supports them is outdated and doesn’t always perform properly. They will be replaced with newer technology that will give more accurate information and a crisper, brighter display. This will allow for passenger information for security purposes as well as monitoring and surveillance of moving passenger trains.

Oakland Maintenance Facility Security and Safety Improvements – \$300,000 for security and safety improvements for the Oakland Maintenance Facility. This is where the Northern California’s equipment fleet is stored and maintained.

Track and Signal Projects

Following are descriptions of track and signal projects that are allocated or programmed. While all projects are listed on Figures 4.2 and 4.3 only projects with a total cost of \$2.0 million or greater are described below. The projects are listed geographically from north to south.

The State does not own any track on the San Joaquin Corridor. Between Oakland-Jack London Square and Port Chicago, and Sacramento and Stockton, the track is owned by UP. Between Port Chicago and Bakersfield, the track is owned by BNSF. Nevertheless, the State funds and oversees many track and signal projects.

Capitalized Maintenance – \$2.0 million has been allocated for capitalized maintenance on the route for track and signal upgrades: \$280,000 was allocated for UP track maintenance from Sacramento to Stockton, and \$1.72 million allocated for BNSF track maintenance from Port Chicago to Bakersfield.

Emeryville – \$10 million is programmed for extension of a siding track with associated signal and track improvements.

Stockton Northwest Quadrant Track Connection – This \$7.5 million project includes, design, right of way acquisition and construction of a track connection in Stockton between the UP and the BNSF. \$1.5 million has been allocated, and \$6 million is programmed. This connection will improve schedule and fleet flexibility for the San Joaquin service, and will provide additional service opportunities.

San Joaquin Route Capacity Improvements: Escalon to Stockton – \$33.5 million is programmed for track and signal improvements between Stockton and Bakersfield.

Kings Park Track and Signal Improvements – \$18.5 million is programmed for track and signal improvements on the San Joaquin Corridor in Kings County. The addition of 4.5 miles of double track will increase the existing double track through Hanford to 9.5 miles. Once the project is completed passenger capacity will increase, as well as on time performance and overall operation efficiency.

Station Projects

Below are descriptions of station projects currently allocated or programmed. The stations are listed in geographical order. Only projects with a total cost of \$2 million or greater are described.

The State does not own any stations on the San Joaquin Route. The stations are owned by the cities, Amtrak, railroads, or private development companies. However, the State funds and oversees many station improvement projects.

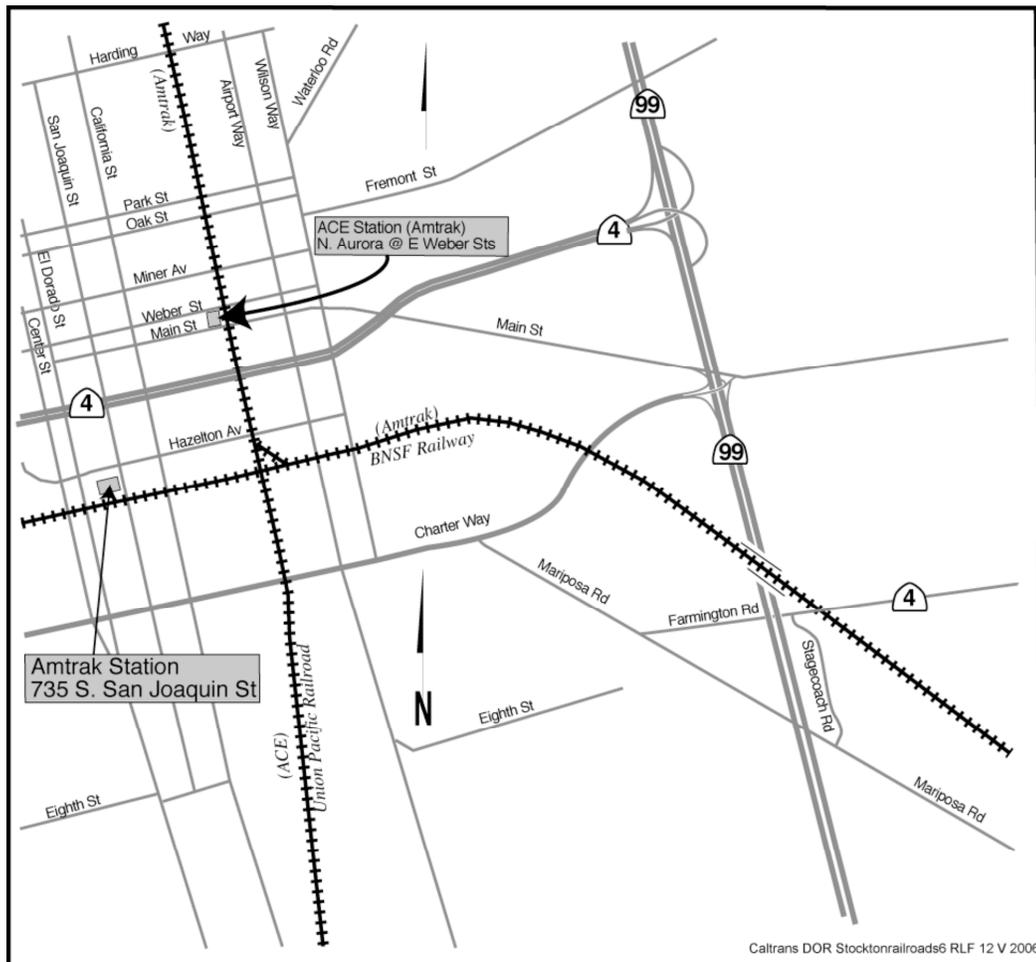
Emeryville – \$1.4 million was allocated to design a bus terminal with nine bus bays, a 337-space parking garage and other minor station improvements. An additional \$4.2 million was programmed to construct the bus terminal and parking garage.

Richmond – \$1.5 million in funds are being used to design a new 800-space parking garage. \$17.8 million in additional funding is programmed for construction of the parking garage.

Martinez – \$5.5 million has been allocated to acquire land for additional parking for the Martinez station.

Stockton Amtrak New Station (BNSF) – The existing Stockton Amtrak station is located in the former Santa Fe depot, west of the BNSF/UP crossing. It serves the four Bakersfield-Oakland trains but is not on the direct route of Bakersfield-Sacramento service. Another rail station in Stockton, the Altamont Commuter Express (ACE) station, completed in the fall of 2003, serves the two Bakersfield-Sacramento trains at the site of the former SP depot, north of the BNSF/UP crossing, but is not on the direct route of Bakersfield-Oakland service (see Figure 4.4).

Figure 4.4 – Stockton Passenger Track and Station Locations, Current



With the initiation of train service to Sacramento, it was decided that a new Stockton station location should be chosen that would serve both Sacramento and Oakland trains. The Department is currently considering station options that will achieve this objective. \$370,000 has been allocated for station design.

Stockton ACE (SP) – \$4.4 million in improvements to the ACE station has been allocated to improve station access for San Joaquin service to Sacramento.

Madera (Country Club Dr.) – The current Madera Station will be relocated to a site that is more convenient for passengers than the existing station location in an industrial area. The project will include design, purchase of right-of-way, and construction of a two-lane access road, a new parking lot, platform, and shelter for the new station. To date, \$858,000 has been allocated for this project and \$1.7 million is programmed for construction.

Maintenance and Layover Facilities

Sacramento Maintenance Facility – \$30 million is programmed for a layover and maintenance facility for State owned intercity passenger rail equipment used on the San Joaquin and Capitol Corridor routes. The San Joaquin and Capitol Corridor train sets will be provided a secure satellite servicing facility to improve train reliability, and better flexibility of train operations. Also this facility will provide additional space to the new “California Car” equipment planned to be procured.

Fresno Layover Facility – \$9.6 million is programmed for a layover facility to provide layover for State owned intercity passenger rail equipment used on the San Joaquin routes. The layover facility will provide better passenger service with early morning departures originating in Fresno and final destinations ending in Fresno. Currently the trains must continue on to one of the route end points in the evening, returning to Fresno the following day.

Equipment

The Department is developing a technical specification for new cars and locomotives for use on the three State-supported intercity corridors. \$150 million in Proposition 1B Bond funds is programmed for rail cars. Approximately \$50 million is reserved for the San Joaquin Route. This new equipment will allow for increased capacity and service on the route.

The San Joaquin Route uses State-owned California Car equipment from the Northern California equipment pool. This equipment is shared equally between the San Joaquin and Capitol Corridor routes. The pool consists of 78 cars and 17 locomotives. Rolling stock consists of bi-level coach, baggage, and food service cars.

The newest 12 cars completed their three-year warranty period in 2005. After the warranty period the cars entered Amtrak’s preventative maintenance program with overhauls at four, six, and eight years. The Department oversees this program.

In 2003-04, the Department contracted for the mid-life overhaul of the original 66 California Cars. Production started in 2004 and is scheduled for completion in 2008-09. The Department oversees and inspects the contractor’s overhaul work.

Chapter 5

Performance Standards and Results

Performance Standards Categories

The San Joaquin Route performance standards are included in Figure 5.1. The standards are categorized by usage, cost efficiency, and service quality.

- **Usage** is measured by ridership, the percent change in train passenger miles and train miles, and passenger miles per train mile.
- **Cost Efficiency** is measured by farebox ratio (operating revenues divided by operating costs), the percent change in total revenues and expenses, train revenue per train mile and train revenue per passenger mile (yield), train expenses per train mile, and train-only State costs per train mile and per passenger mile.
- **Service Quality** is measured by On-Time Performance (OTP) and the percent of available State-owned equipment in service.

Figure 5.1 – San Joaquin Route Performance Standards

SAN JOAQUIN ROUTE PERFORMANCE STANDARDS							
Federal Fiscal Year (FFY) ϕ		FFY 2006-07				FFY 2007-08	FFY 2008-09
PERFORMANCE STANDARD	T&B #	ACTUAL	STANDARD \uparrow	VARIANCE ACTUAL TO STANDARD	PERCENT DIFFERENCE	CURRENT YEAR STANDARD \uparrow \times	BUDGET STANDARD $\$$
NUMBER OF DAILY ROUND TRIPS			6			6	6
USAGE							
Route Ridership	#	804,785	856,000	(51,215)	-6.0%	837,000	995,000
Average Daily Ridership	#	2,205	2,345	(140)	-6.0%	2,293	2,726
Percent Change in Route Ridership	#	--	7.0%	--	--	4.0%	18.9%
Percent Change in Train Passenger Miles		--	9.3%	--	--	3.4%	17.8%
Percent Change in Train Miles		--	0.4%	--	--	0.7%	0.0%
Passenger Miles per Train Mile (PM/TM)		90.4	98.4	(8.0)	-8.1%	92.8	109.4
COST EFFICIENCY							
Farebox Ratio (Train and Bus Service)	#	43.6%	52.4%	-8.8%	--	47.5%	51.0%
Percent Change in Total Revenue	#	--	15.7%	--	--	9.8%	15.6%
Percent Change in Total Expenses	#	--	0.5%	--	--	0.7%	7.7%
Train Revenue per Train Mile		\$ 13.88	\$ 16.09	\$ (2.21)	-13.7%	\$ 13.73	\$ 17.49
Train Revenue per Passenger Mile (Yield)		\$ 0.15	\$ 0.16	\$ (0.01)	-6.1%	\$ 0.15	\$ 0.16
Train Expenses per Train Mile		\$ 32.35	\$ 32.79	\$ (0.44)	-1.3%	\$ 33.53	\$ 34.82
Train Only State Cost per Train Mile		\$ 16.73	\$ 16.70	\$ 0.03	0.2%	\$ 23.77	\$ 17.33
Train Only State Cost Per Passenger Mile		\$ 0.19	\$ 0.17	\$ 0.02	9.0%	\$ 0.26	\$ 0.16
SERVICE QUALITY							
On Time Performance		68%	75%	-7%	--	75%	85%
Percent of California Equipment Available		90%	90%	0%	--	90%	90%
OPERATING RESULTS							
TRAIN AND BUS							
Total Revenue	#	\$ 26,424,609	\$ 30,621,000	\$ (4,196,391)	-13.7%	\$ 29,010,000	\$ 33,527,000
Total Expenses	#	\$ 60,606,423	\$ 58,475,000	\$ 2,131,423	3.6%	\$ 61,025,000	\$ 65,699,000
Total State Operating Cost *	#	\$ 27,479,000	\$ 27,479,000	\$ -	0.0%	\$ 32,465,000	\$ 32,172,000
TRAIN ONLY							
Train Only Revenue		\$ 18,566,085	\$ 21,559,000	\$ (2,992,915)	-13.9%	\$ 18,488,500	\$ 23,556,267
Train Only Expenses		\$ 43,263,516	\$ 43,939,000	\$ (675,484)	-1.5%	\$ 45,159,000	\$ 46,898,820
Train Only State Operating Cost		\$ 22,380,000	\$ 22,380,000	\$ -	0.0%	\$ 32,014,838	\$ 23,342,554
Passenger Miles		120,914,283	131,809,000	(10,894,717)	-8.3%	125,036,000	147,303,000
Train Miles		1,337,330	1,340,000	(2,670)	-0.2%	1,347,000	1,347,000

- T&B Includes train and bus results. All other elements are train only.
 * - Reflects operating contract maximum in 2006-07 and 2007-08. In all years, includes payment to Amtrak for minor capital projects not included in any other line item.
 \times - Percent changes refer to the difference between the FFY 2007-08 Standard and the FFY 2006-07 Actual.
 \uparrow - FFY 2006-07 and 2007-08 standards based on Amtrak contracts for those years.
 $\$$ - FFY 2008-09 standards based on Proposed Governor's Budget.
 ϕ - \$ shown in current year \$, and are not inflated.
 NOTE - Percents of change not shown when measure itself is a percent.

Basis for Achievement of Performance Standards

The performance standards for Federal Fiscal Year (FFY) 2008-09 are based on the short-range Operating, Marketing, and Capital Action Plans laid out in Chapters 2, 3 and 4 of the Plan. The anticipated results of the Action Plans are analyzed to determine achievable standards for FFY 2008-09.

The key capital project actions for FFYs 2007-08 and 2008-09 are:

- Completion of Phase I work on 17.6 miles of double track from Port Chicago to Oakley during FFY 2007-08.
- Continuation of the mid-life overhaul of the original California Cars.
- Completion of the Calwa – Bowles double-track and signal improvement project.
- Completion of the new Madera station.
- Initiate Kings Park track and signal project.

The key operating and capital actions for 2007-08 and 2008-09 are:

- Improve OTP.
- Expansion of the Free Transit Transfer Pass program with local transit operators.
- Improvement of connecting feeder bus service.
- A fall, winter, and spring advertising promotion.
- The expansion of the group travel program for school groups and seniors, plus the expansion of the college student outreach program.

Performance Standard Analysis

The FFYs 2006-07 and 2007-08 standards are consistent with the Amtrak operating contract for those years and are also consistent with the standards for those years that were included in the prior 2007-08 Business Plan. The FFY 2008-09 standards are consistent with the Governor's Proposed Budget.

The section in Figure 5.1 titled "Operating Results" includes the base data from which the performance standards were derived (revenues, expenses, State costs, etc.). This section also provides the comparison of the standards to the actual data for FFY 2006-07. The funds for Amtrak service in the State budget are used for an annual operating contract period that coincides with the FFY. Thus, all data is shown on the basis of the October-September FFY.

Comparison of FFY 2006-07 Performance Standards and FFY 2006-07 Actual Results

Actual ridership of 804,785 in FFY 2006-07, although 0.6 percent higher than the previous year, was 6.0 percent below the standard of 856,000. The farebox ratio was 43.6 percent, 8.8 points below the standard of 52.4 percent. The lower ratio was the result of higher-than-expected expenses and lower than expected revenues, primarily the result of higher fuel costs. Net

State cost did not increase above the standard because of the contract maximum in the State's operating contract with Amtrak.

OTP in FFY 2006-07 was 65 percent, 7 points below the standard of 75 percent. Much of the 316-mile San Joaquin Route from Bakersfield to Oakland is single-track, and OTP on a single-track railroad is particularly sensitive to increases in traffic and random service disruptions (i.e., crossing accidents, broken rails, and maintenance of way). In the past few years, freight traffic has been significantly higher on the San Joaquin Route due to the increased demand on the railroads to transport the record amounts of imports arriving at California ports. This upturn in freight traffic further constrains this predominantly single-track corridor and negatively impacts OTP.

2007-08 Performance Standards

The FFY 2007-08 performance standards are consistent with those displayed in the prior 2007-08 Business Plan. The FFY 2007-08 standards Includes ridership of 837,000, a revenue increase of 9.8 percent, and an expense increase of 0.7 percent. The farebox ratio is projected at 47.5 percent, and OTP is projected at 75 percent.

Year to date performance has been outstanding. Ridership year-to-date (October 2007-June 2008) is up 15.2 percent compared to the same period of the prior year. With the exception of April, ridership has shown extraordinary improvement. Particularly noticeable are the months of March, May and June with increases of 26.7 percent, 21.3 percent, and 34.0 percent respectively. In June the all-time ridership record for the route was set at 96,476 passengers. Fare reductions, higher gasoline prices and strong OTP are assumed to be the reason for the strong ridership increases.

Also showing a gain was revenue, with year-to-date revenue (October 2007-May 2008) increasing 11.1 percent over the previous year, while expenses increased 9.9 percent. The farebox ratio increased 1.1 percentage points during the same period. Thus, while expenses increased overall, expense on a per-passenger basis decreased and a higher percent of expenses were recovered.

Year-to-date OTP (October 2007 through June 2008) was 84.4 percent, 16.4 percentage points higher than the total for the prior fiscal year. In order to maintain this high level of OTP, the Department continues to work with the BNSF, UP and Amtrak to implement measures to enhance schedule reliability, including supplemental dispatcher training and closely monitored passenger train delays. Based on year-to-date data, most of the 2007-08 standards will be met or exceeded.

FFY 2008-09 Performance Standards

The performance standards for this year are based on the 2008-09 Proposed Governor's Budget. The standards include a 18.9 percent ridership increase, a 15.6 percent revenue increase, and a 7.7 percent expense increase from the 2007-08 performance standards. The farebox ratio is projected to increase to 51.0 percent from the 2007-08 standard of 47.5 percent. OTP is projected to be 85 percent. These standards take into consideration the year-to-date 2007-08 data.

Historical Performance Prior to FFY 2007-08

Figure 5.2 shows ridership and financial performance data on an annual State Fiscal Year (SFY) basis from the start of State-supported service in SFYs 1979-80 through 2006-07. (Note that Figure 5.1 is on the basis of a FFY, so the annual data on Figures 5.1 and 5.2 are not the same.) This table provides information on the historical basis for the performance measures discussed in this chapter.

As can be seen in Figure 5.2, ridership has climbed fairly steadily over the years, with only a few years when ridership dipped below the prior year's level. Farebox return in the late-1980's was also impressive, peaking at 86.9 percent in SFY 1988-89. (Since then financial definitions have changed, so comparisons with the current level of service are not valid.) However, the trend in passenger-miles per train mile (PM/TM), a measure of the average number of passengers on a train over its entire route, has not been as consistent. In other words, train service has increased without the same level of ridership increase, making average expenses per passenger higher. PM/TM was at its highest level in SFY 1988-89 and has fluctuated since that time.

The San Joaquins' financial performance was impacted by a number of interrelated factors. First, the introduction of the third train in 1989 increased expenses by approximately 70 percent, while ridership only increased initially by approximately 25 percent. The farebox ratio dropped from its peak of 86.9 percent in SFY 1988-89 to 68.8 percent in SFY 1990-91 with no change in cost basis (the first full year of third train service). Generally, when a new train is added, the initial farebox ratio drops because expenses rise immediately, while ridership increases more slowly as the travelling public becomes aware of the increased service over time.

The next impact to the farebox ratio was when Amtrak started increasing the cost basis charged to the State in an effort to reduce its need for federal operating subsidy. When the fourth train was added in 1992, Amtrak charged the higher long-term avoidable cost basis on this train. The lower short-term avoidable cost basis remained on all other trains. As a result of the new train and the higher cost basis, expenses increased 44 percent between SFYs 1991-92 and 1993-04 (the first full year of fourth train service), and ridership only increased by 16 percent. The drop in the farebox ratio was not quite as large on the fourth train as on the third train: the farebox ratio dropped from 66.4 percent in SFY 1991-92 to 52.1 percent in SFY 1993-94.

Then, in 1996, Amtrak changed to a full cost basis for all trains, with the result being that billed expenses increased dramatically. Between SFYs 1995-96 and 1996-97, billed expenses increased by 36.0 percent even though service levels did not increase. This is the primary reason for the drop in the farebox ratio from 49.2 percent to 40.0 percent between these years. An interesting note is that in SFYs 1996-97 and 1997-98 ridership and PM/TM climbed significantly. This continuing positive trend should be stressed, as the increase in state-incurred expenses was caused by the increase in Amtrak's charges to the state, not from a large increase in total expenses.

In summary, during in the 1990's, the San Joaquins' financial performance was hard hit by two factors. First, the introduction of the third and fourth trains added significant costs without adequate initial corresponding ridership and revenue increases to offset costs. Second,

Amtrak increased the cost basis throughout those years so that the State was being charged significantly higher expenses for service.

In February 1999, the Department added the first Bakersfield–Sacramento train, and in March 2002 the Department added the second Sacramento train. As mentioned above, on longer distance corridor routes, such as the San Joaquins, the addition of service usually results in a temporary drop in farebox ratio. However, the farebox dropped only slightly with the addition of each Sacramento round trip, and climbed to prior year levels after one year.

Figure 5.2 – San Joaquin Route Annual Operating Performance

SAN JOAQUIN Route
Annual Operating Performance - State Fiscal Years

State Fiscal Year	Notes	Ridership Data		Financial Data for Operations						
		Ridership	PM/TM	Revenue	Expense	Loss	State Cost	Amtrak Cost	Train Loss per PM	Farebox Ratio
			(F1)		(F2)		(F3)	(F4)	(F5)	(F6)
1973-74	(S1)	38,770	83.6							
1974-75		66,990	44.2							
1975-76		66,530	43.8							
1976-77		87,642	56.0							
1977-78		80,611	52.7							
1978-79		87,645	60.2							
1979-80	(S2)	123,275	63.6	\$ 1,174,065	\$ 3,975,185	\$ 2,801,120	\$ 518,206		18.4¢	29.5%
1980-81		159,498	55.3	\$ 2,224,137	\$ 6,940,934	\$ 4,716,797	\$ 1,360,391		18.4¢	32.0%
1981-82		189,479	65.3	\$ 3,115,710	\$ 7,774,029	\$ 4,658,319	\$ 2,228,585		14.0¢	40.1%
1982-83		186,121	62.9	\$ 3,342,137	\$ 7,991,697	\$ 4,649,560	\$ 2,490,275		14.6¢	41.8%
1983-84		248,275	85.3	\$ 4,730,431	\$ 8,094,789	\$ 3,364,358	\$ 2,518,066		7.3¢	58.4%
1984-85		269,837	94.6	\$ 5,210,951	\$ 8,641,293	\$ 3,430,342	\$ 2,802,955		7.7¢	60.3%
1985-86		280,798	101.1	\$ 5,425,329	\$ 8,610,554	\$ 3,185,225	\$ 2,658,895		6.8¢	63.0%
1986-87		304,668	106.1	\$ 6,084,677	\$ 9,179,133	\$ 3,094,456	\$ 2,929,148		5.1¢	66.3%
1987-88		340,573	121.1	\$ 7,457,686	\$ 9,633,659	\$ 2,175,973	\$ 2,605,572		2.2¢	77.4%
1988-89		370,190	133.7	\$ 9,527,268	\$ 10,968,216	\$ 1,440,948	\$ 1,887,450		1.3¢	86.9%
1989-90	(S3)	418,768	116.9	\$ 11,845,743	\$ 15,286,520	\$ 3,440,777	\$ 3,544,332		3.2¢	77.5%
1990-91		463,906	104.1	\$ 12,691,986	\$ 18,456,785	\$ 5,764,799	\$ 5,803,565		4.9¢	68.8%
1991-92		483,593	104.3	\$ 12,369,805	\$ 18,633,777	\$ 6,263,972	\$ 6,472,598		4.3¢	66.4%
1992-93	(S4)	516,113	109.6	\$ 12,628,496	\$ 22,227,149	\$ 9,598,653	\$ 10,789,651		6.5¢	56.8%
1993-94		558,569	94.6	\$ 13,894,624	\$ 26,678,861	\$ 12,784,237	\$ 12,335,021	\$ 3,937,150	8.3¢	52.1%
1994-95		524,680	88.8	\$ 12,244,668	\$ 25,077,153	\$ 12,832,485	\$ 12,668,018	\$ 3,705,069	9.7¢	48.8%
1995-96		526,088	86.6	\$ 12,477,497	\$ 25,386,099	\$ 12,908,602	\$ 14,483,048	\$ 1,360,327	11.8¢	49.2%
1996-97		652,544	106.1	\$ 13,817,681	\$ 34,528,165	\$ 20,710,484	\$ 16,265,387	\$ 5,672,236	18.6¢	40.0%
1997-98		702,178	118.0	\$ 15,230,966	\$ 36,517,290	\$ 21,286,324	\$ 17,190,515	\$ 4,493,597	17.7¢	41.7%
1998-99	(S5)	680,687	102.8	\$ 16,496,457	\$ 37,269,835	\$ 20,773,378	\$ 19,938,254	\$ 1,712,168	17.6¢	44.3%
1999-00		671,295	92.7	\$ 18,061,512	\$ 41,791,782	\$ 23,730,270	\$ 24,232,326	\$ 652,236	19.0¢	43.2%
2000-01		710,833	97.9	\$ 19,667,681	\$ 43,404,325	\$ 23,736,644	\$ 24,350,127	\$ 540,809	18.2¢	45.3%
2001-02	(S6)	733,152	96.9	\$ 20,114,693	\$ 46,503,548	\$ 26,388,855	\$ 26,281,035	\$ 396,392	20.0¢	43.3%
2002-03		769,708	89.9	\$ 20,318,564	\$ 50,552,529	\$ 30,233,965	\$ 29,729,650	\$ 504,315	21.7¢	40.2%
2003-04		752,227	87.2	\$ 22,100,796	\$ 50,061,460	\$ 27,960,664	\$ 27,960,664	\$ 89,345	20.5¢	44.1%
2004-05		743,245	85.1	\$ 22,590,880	\$ 49,883,689	\$ 27,292,809	\$ 27,292,808		19.6¢	45.3%
2005-06		801,242	91.1	\$ 25,869,979	\$ 55,226,742	\$ 29,356,763	\$ 29,356,763		19.0¢	46.8%
2006-07		789,641	88.8	\$ 26,862,994	\$ 61,188,078	\$ 34,325,084	\$ 34,325,084		28.8¢	43.9%
TOTAL		14,399,371		\$ 357,577,413	\$ 740,483,276	\$ 382,905,863	\$ 365,018,389			

- (S1) Service started 3/6/74 with one round-trip between Oakland and Bakersfield. Data is for four months only.
- (S2) State support started 10/1/79. Data is for nine months, during which time ridership totaled 93,206. Second round trip added 2/3/80 between Oakland and Bakersfield.
- (S3) Third round trip added 12/17/89 between Oakland and Bakersfield.
- (S4) Fourth round trip added 10/25/92 between Oakland and Bakersfield.
- (S5) Fifth round-trip added 2/21/99 between Sacramento and Bakersfield.
- (S6) Sixth round-trip added 3/18/02 between Sacramento and Bakersfield.

- (F1) Passenger-miles per train mile (PM/TM), a measure of the average load on a train over its entire route.
- (F2) Prior to October 1983, all trains billed on solely related cost basis. From October 1983 through September 1995, all trains billed on short term avoidable cost basis, except fourth round trip billed at long term avoidable cost basis. Effective October 1995, all trains billed on long term avoidable cost basis. Effective October 1996, all trains billed on Full Cost (Train, Route and System) Basis. Includes cost of connecting buses. Depreciation and interest (equipment capital cost) included in operating cost under solely-related cost basis but excluded and charged separately under short-term, long-term avoidable and full cost bases.
- (F3) From October 1979 through September 1983, State cost increased in stages from 18.5 to 48.5 percent of operating loss (including equipment costs). Between October 1983 and September 1995, State cost was 65 percent of train operating loss for first three round trips, plus 50 percent of depreciation and interest (equipment capital cost). For the fourth round trip, State cost was 70 percent of train operating loss plus equipment capital cost. Between October 1995 and September 1996, State cost was 100 percent of train operating loss and 60 percent of equipment capital cost. Between October 1996 and September 1997, State cost was 65 percent of train operating loss. Effective October 1997, State is billed contractually specified percentages of most individual cost elements, plus a fixed amount for certain other cost elements. Also includes State payment of costs of special agreements with Amtrak for use of equipment, and State payment of entire net cost of all connecting bus routes.
- (F4) Beginning in State Fiscal Year 1993-94, Amtrak cost is based on billings submitted and reflects cost bases and Amtrak shares as stated in notes (F2) and (F3) above. However, Amtrak does not include the unbilled Amtrak share of fixed cost elements. Prior to FY 1993-94, data to calculate Amtrak cost is not available. Does not represent the difference between Loss and State Cost, as the latter includes bus expenses and equipment capital costs not included in Amtrak costs.
- (F5) Train loss (deficit) per train passenger-mile. Connecting buses not included in loss per passenger mile data.
- (F6) Farebox Ratio, the ratio of Revenue to Expense.

Amtrak began charging the states on the basis of full recovery of direct costs in FFY 2003-04. Under this cost basis, the State pays all direct costs, with Amtrak covering all fixed costs. State operating costs became more stable after this change.

Combined State operating costs for the San Joaquins and Pacific Surfliners have been steady over the past six years (FFYs 2002-03 through 2007-08). This is the longest period of stability for State operating costs in the history of State-supported service. The 2007-08 Budget includes an increase for operating costs, primarily for higher fuel expenses. The 2008-09 proposed Governor's Budget includes an increase in operating costs reflecting a similar increase in expenses due to the rise in labor costs. The continuing volatility of locomotive fuel prices makes it difficult to predict future Amtrak operating costs.