

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 10-11, 2008

Reference No.: 3.6  
Information Item

From: CINDY McKIM  
Chief Financial Officer

Prepared by: Lam Nguyen  
Acting Chief  
Division of Rail

Subject: **FY 2008-09 1<sup>st</sup> QUARTER RAIL OPERATIONS REPORT**

Attached is the Department of Transportation's Fiscal Year 2008-09 1<sup>st</sup> Quarter Intercity Rail Operations Report. This version is substantially the same as the report previously provided to the Commission's Executive Committee, but clarifies information contained on page 11 of the report and in the attachments for the Pacific Surfliner and San Joaquin corridor objectives. In addition, several typographical errors within the text of the report were also corrected. The changes reflected in this version were discussed with the Executive Committee on December 3, 2008.

Attachment

# Memorandum

To: CHAIR AND MEMBERS  
California Transportation Commission

Date: December 1, 2008

From: LAM NGUYEN  
Acting Chief  
Division of Rail

Subject: **FY 2008-09 FIRST QUARTER RAIL OPERATIONS REPORT**

## **SUMMARY:**

This is the First Quarter Intercity Rail Operations Report for Fiscal Year (FY) 2008-09, July through September 2008, 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. These results are also compared to the same period for the prior year and to the Business Plan projections. This data allows the performance of the routes to be easily compared. Financial results for September 2008 are estimated by Amtrak, as actual data is not yet available.

California provides financial and administrative support for Amtrak intercity rail passenger service on three corridors within the State: the Pacific Surfliner Route between San Diego, Los Angeles, and San Luis Obispo; the Capitol Corridor between 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.

## **First Quarter Results**

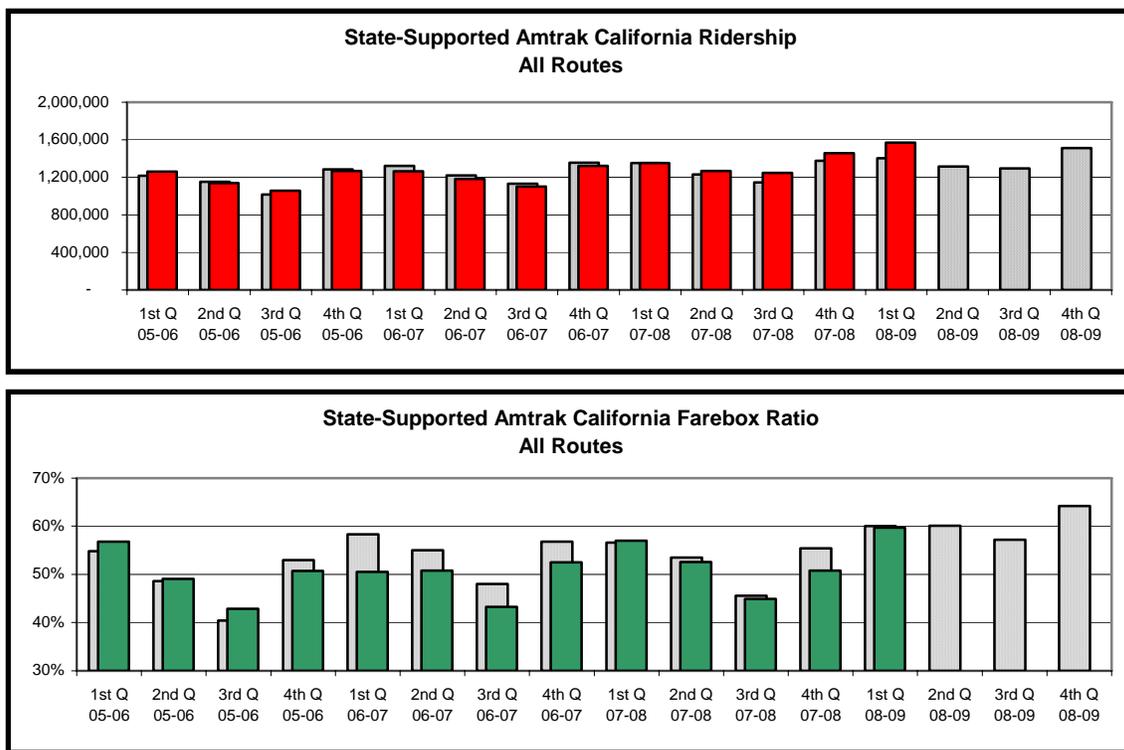
Total ridership during the first quarter (July-September 2008) on the three routes was 15.9 percent over the comparable quarter in FY 2007-08, and 11.6 percent above the projections for the quarter in the Business Plans. Ridership on all three routes grew at impressive rates, especially for the months of July and August, primarily as a result of the high cost of automotive fuel, which positioned passenger train transportation as a cost effective alternative. Both the San Joaquins and the Capitol Corridor posted impressive ridership increases in excess of 25 percent.

Individually, all three routes set ridership records of this period, exceeding the ridership records set in the prior quarter. The San Joaquins and Capitol Corridor set all-time record ridership in the month of July with the San Joaquins carrying 100,564 passengers and the Capitol Corridor carrying 161,731 riders. The Pacific Surfliners set an all time record in August, with 313,570 passengers.

The combined farebox ratio (revenues divided by expenses) for the three routes was 51.3 percent in the first quarter, an increase of 2.7 percentage points from the comparable quarter in FY 2007-08 and 0.3 percentage points below the Business Plans projections. Overall revenue in the first quarter increased 21.0 percent, compared with the same quarter the previous year, and was 14.0 percent higher than the Business Plans projections for the quarter. Overall expenses increased 15.6 percent, compared with the same quarter the previous year, and were 14.5 percent higher than projections for the quarter in the Business Plans. High expenses were the result of high locomotive fuel costs and labor increases from recent Amtrak labor agreements.

Combined OTP was 81.2 percent, 7.4 percentage points above the same quarter in 2007-08, but 4.8 percentage points below Business Plan projections.

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. September financial data is estimated by Amtrak as the final billings are not yet available.*

The following table provides further detail on the combined ridership, revenue, expense, farebox ratio, and on-time performance for the three State-supported routes for the first quarter.

<b>State-Supported Amtrak California Services - 1st Quarter 08-09</b>							
<b>All Routes</b>							
	<b>ACTUAL RESULTS</b>				<b>BUSINESS PLAN PROJECTIONS</b>		
	1st Qtr 08-09	1st Qtr 07-08	Difference	Percent Change	1st Qtr 08-09	Actual to BP Proj.	Percent Difference
Ridership	1,567,939	1,352,757	215,182	15.9%	1,404,932	163,007	11.6%
Revenue	\$ 32,689,427	\$ 27,010,965	\$ 5,678,462	21.0%	\$ 28,671,894	\$ 4,017,533	14.0%
Expense	\$ 54,747,907	\$ 47,366,860	\$ 7,381,047	15.6%	\$ 47,820,623	\$ 6,927,284	14.5%
Farebox Ratio	59.7%	57.0%	2.7 PP		60.0%	-0.3 PP	
On-Time Performance	81.2%	73.8%	7.4 PP		86.0%	-4.8 PP	

PP - Percentage Points

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

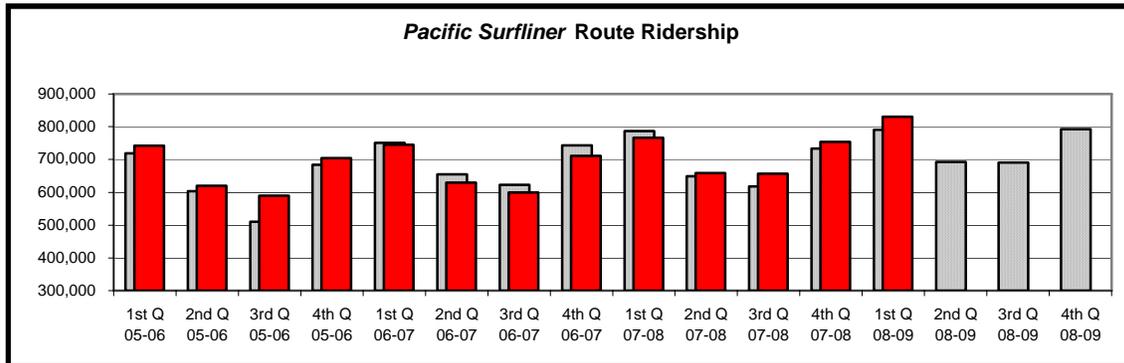
**BACKGROUND:**

***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.

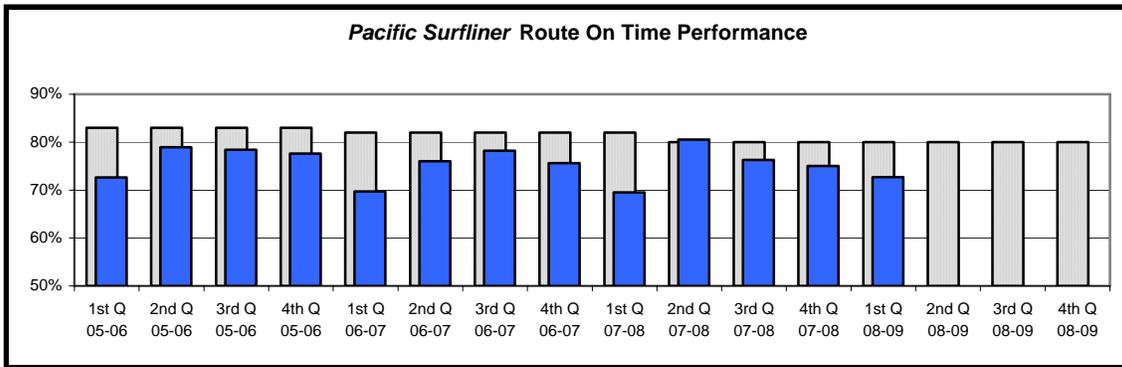
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio and on-time performance.

Ridership on the *Pacific Surfliner* route continues to be strong. Ridership records were set in July and August, and the route has now set new monthly records in ten of the last 12 months. During this quarter, an all-time ridership record was set on the route in August with 313,570 passengers. Total *Pacific Surfliner* ridership for the first quarter was 8.3 percent higher than the same quarter the previous year and was 5.1 percent above the Business Plan projection.

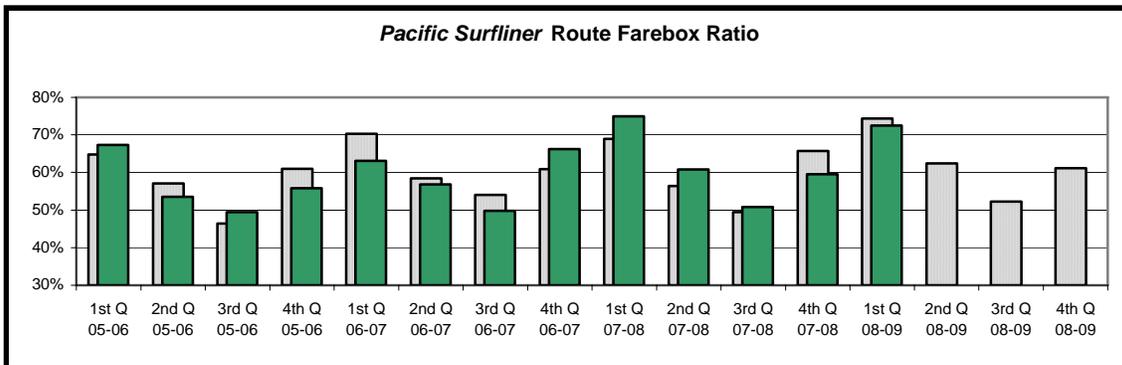


On-time performance (OTP) in the first quarter was 72.7 percent, 3.2 percentage points above the first quarter of the previous year and 7.3 percentage points below the Business Plan projection of 80 percent. Traffic congestion (freight and passenger) continues to be the leading cause of delays. In addition, considerable track work was performed south of Los Angeles, with the accompanying slow orders that impacted the service. OTP will improve as the 15 mile Los Angeles to Fullerton triple-track and six grade crossings project progresses. Four of the eight phases of the triple track work have been completed and work on two of the grade crossings has started.

During this quarter on-time performance was similar both north and south of Los Angeles. Between Los Angeles and San Luis Obispo, the service posted an OTP of 74.3 percent. Between Los Angeles and San Diego, the OTP was 73.0 percent. This corresponds with the same quarter last year with an OTP north of Los Angeles of 75.1 percent, and 67.5 percent south of Los Angeles.



Farebox ratio in the first quarter decreased by 2.4 percentage points to 72.5 percent and was 1.9 percentage points below the Business Plan projection of 74.4 percent. Revenue for the first quarter increased 12.8 percent compared to the same quarter the previous year and was 8.3 percent above the Business Plan projection. Expenses over the same quarter increased 16.6 percent, compared with the previous year, and were 11.1 percent above the Business Plan projection. The increase in expense was partly the result of increased locomotive fuel costs, as fuel prices peaked during the mid summer. Also the new labor agreements with higher labor costs increased expenses.



<b>State-Supported Amtrak California Services - 1st Quarter 08-09</b>							
<b>Pacific Surfliner Route</b>							
	<b>ACTUAL RESULTS</b>				<b>BUSINESS PLAN PROJECTIONS</b>		
	1st Qtr 08-09	1st Qtr 07-08	Difference	Percent Change	1st Qtr 08-09	Actual to BP Proj.	Percent Difference
Ridership	830,441	766,714	63,727	8.3%	790,451	39,990	5.1%
Revenue	\$ 16,975,412	\$ 15,044,618	\$ 1,930,794	12.8%	\$ 15,673,765	\$ 1,301,647	8.3%
Expense	\$ 23,412,826	\$ 20,078,033	\$ 3,334,793	16.6%	\$ 21,075,334	\$ 2,337,492	11.1%
Farebox Ratio	72.5%	74.9%	-2.4 PP		74.4%	-1.9 PP	
OTP-Route	72.7%	69.5%	3.2 PP		80.0%	-7.3 PP	
OTP-North	74.3%	75.1%	-0.8 PP				
OTP-South	73.0%	67.5%	5.5 PP				

PP - Percentage Points

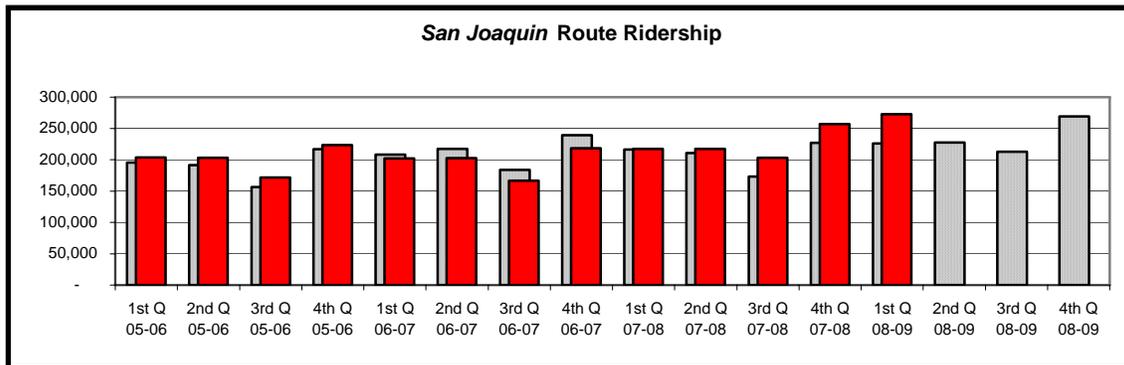
***San Joaquin Route***

Currently, six daily train round-trips serve the *San Joaquin Route*, four operating between Bakersfield and Oakland/San Francisco and two between Bakersfield and Sacramento. All six round-trips have dedicated bus connections between Bakersfield and Los Angeles and other points throughout Southern California. On the north end, buses at Stockton connect Sacramento with Oakland trains and connect San Francisco/Oakland with Sacramento trains, thus providing six daily arrivals and departures for both northern terminals. Additional connecting buses provide feeder service to communities throughout the north end of the State.

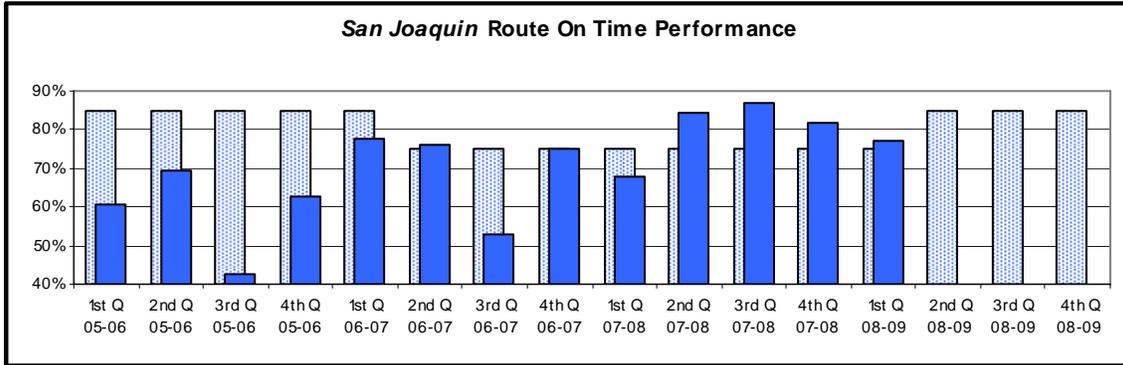
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio and on-time performance.

Ridership on the *San Joaquin* route continued the dramatic increase that began in the fourth quarter of FY 2007-08. All three months set ridership records for their respective months, and the route has now set new monthly records in 10 of the last 12 months. During this quarter, an all-time ridership record was set on the route in July with 100,564 passengers.

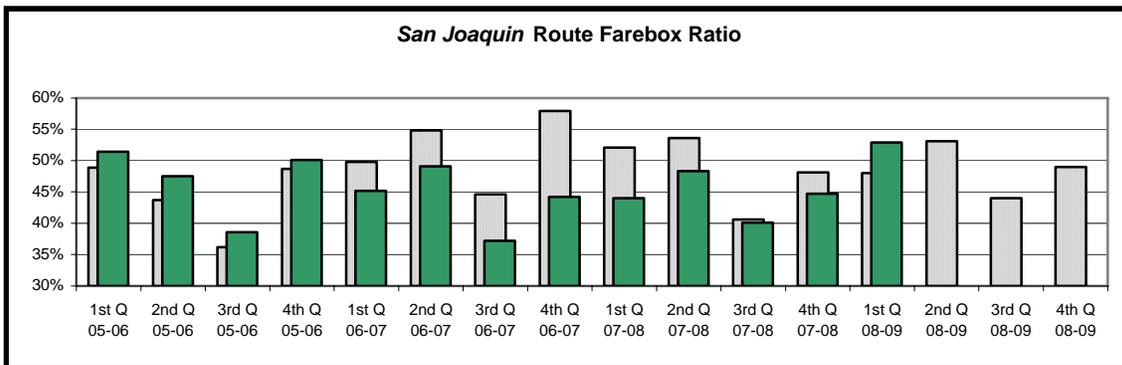
The ridership on the *San Joaquins* for the first quarter was up an impressive 25.4 percent above the same period the prior year and was 20.6 percent above the Business Plan projection. Ridership on these trains is generally discretionary in nature, the passengers are quite price sensitive and the average trip length for this route is by far the longest of the three routes at almost 150 miles. As a result of these factors, the escalating rise in the price of auto fuel likely resulted in the significant increase in ridership on the *San Joaquins*. In addition, the 25 percent fare roll-back in April 2008 along with the improvement in OTP has also had a positive impact on ridership.



On-time performance (OTP) in the first quarter was 77.2 percent, a 9.5 percentage point improvement over the same quarter in FY 2007-08, and surpassed the Business Plan projection of 75 percent. Improved OTP was due to BNSF altering its freight train scheduling and operation, and a reduction in freight traffic due to the slowdown in the economy. In addition, two major track projects were completed last year, the Calwa-Bowles double track project (7.7 miles) and the Escalon siding extension (2.0 miles). Both of these projects have positively affected OTP. OTP has exceeded the projections for each of the last four quarters.



Farebox ratio in the first quarter improved to 52.9 percent, 8.9 percentage points better than the same period of the previous year and 4.9 percentage points above the Business Plan projection of 48.0 percent. Revenue for the first quarter increased an equally impressive 34.7 percent compared to the previous year and was 22.7 percentage points above the Business Plan projection. Expenses increased 12.2 percent compared with the previous year and were 11.4 percent above the Business Plan projection.



<b>State-Supported Amtrak California Services - 1st Quarter 08-09</b>							
<b>San Joaquin Route</b>							
	<b>ACTUAL RESULTS</b>				<b>BUSINESS PLAN PROJECTIONS</b>		
	1st Qtr 08-09	1st Qtr 07-08	Difference	Percent Change	1st Qtr 08-09	Actual to BP Proj.	Percent Difference
Ridership	272,661	217,396	55,265	25.4%	226,098	46,563	20.6%
Revenue	\$ 9,206,283	\$ 6,835,137	\$ 2,371,146	34.7%	\$ 7,503,889	\$ 1,702,394	22.7%
Expense	\$ 17,418,702	\$ 15,525,006	\$ 1,893,696	12.2%	\$ 15,632,229	\$ 1,786,473	11.4%
Farebox Ratio	52.9%	44.0%	8.9 PP		48.0%	4.9 PP	
On-Time Performance	77.2%	67.7%	9.5 PP		75.0%	2.2 PP	

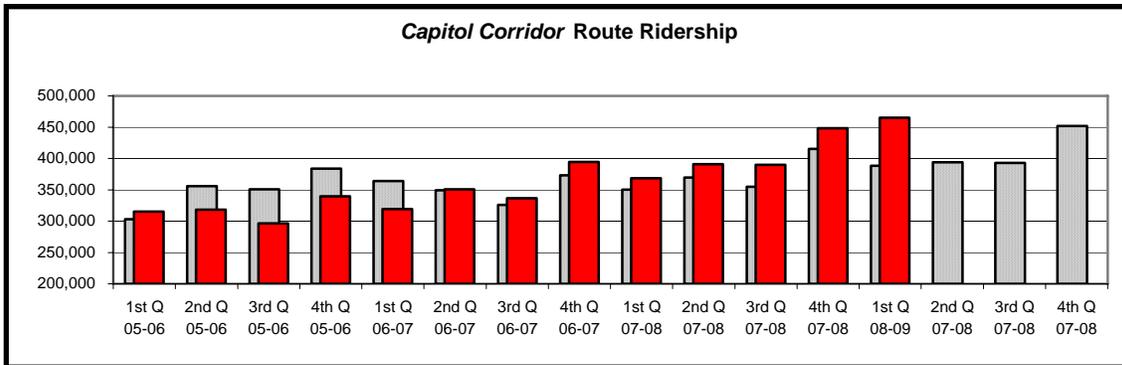
PP - Percentage Points

**Capitol Corridor**

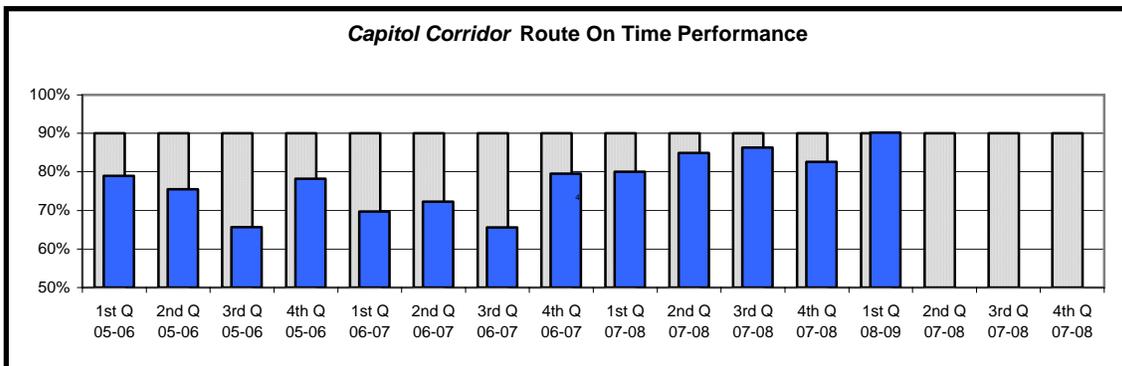
In August 28, 2006, the Capital Corridor Joint Powers Authority added four weekday round trips between Sacramento and Oakland and extended three additional round trips south from Oakland to San Jose, bringing the total level of service to 16 weekday round-trips between Oakland and Sacramento with seven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

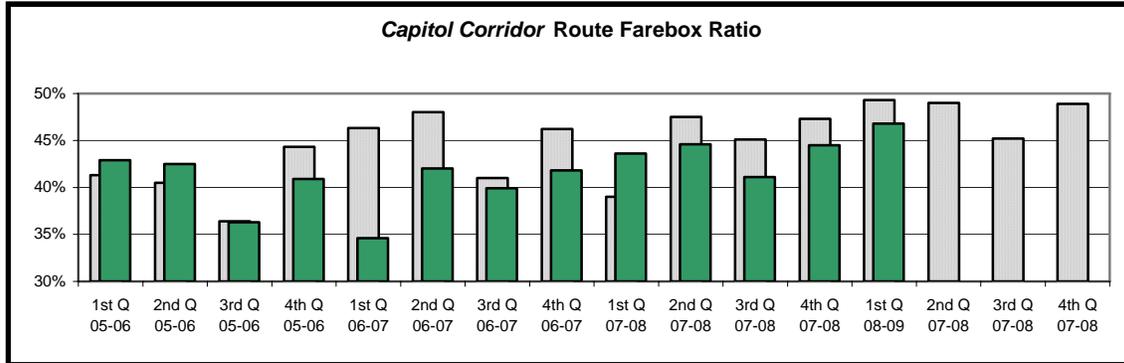
Ridership on the *Capitol Corridor* continued the impressive growth shown over the past two years, with 24 consecutive months of record ridership. During this quarter, an all-time ridership record was set on the route in July with 161,731 passengers.



On-time performance (OTP) improved to 90.2 percent, 10.2 percentage points above the comparable quarter the previous year. It achieved the Capitol Corridor Business Plan goal of 90 percent. The strong OTP is the result of the Union Pacific modifying their dispatching to limit freight train interference with the passenger trains, including operating some freight trains at night.



Farebox ratio in the first quarter increased 3.2 percentage points to 46.8 percent but was 2.5 percentage points below the Business Plan projection. Revenue for the first quarter increased 26.8 percent compared to the same quarter the previous year and was 18.4 percent higher than the Business Plan projection. The corresponding increase in expenses was 18.3 percent compared with the same quarter the previous year and was 24.9 percent higher than the Business Plan projection. Higher expenses were the result of higher diesel fuel costs. Also, expenses in September 2007 were unusually low due to a credit to maintenance of equipment. Thus, in this case, the comparison to the first quarter 2007-08 is misleading.



<b>State-Supported Amtrak California Services - 1st Quarter 08-09</b>							
<b>Capitol Corridor</b>							
	<b>ACTUAL RESULTS</b>				<b>BUSINESS PLAN PROJECTIONS</b>		
	1st Qtr 08-09	1st Qtr 07-08	Difference	Percent Change	1st Qtr 08-09	Actual to BP Proj.	Percent Difference
Ridership	464,837	368,647	96,190	26.1%	388,383	76,454	19.7%
Revenue	\$ 6,507,732	\$ 5,131,210	\$ 1,376,522	26.8%	\$ 5,494,240	\$ 1,013,492	18.4%
Expense	\$ 13,916,379	\$ 11,763,821	\$ 2,152,558	18.3%	\$ 11,144,084	\$ 2,772,295	24.9%
Farebox Ratio	46.8%	43.6%	3.2 PP		49.3%	-2.5 PP	
On-Time Performance	90.2%	80.0%	10.2 PP		90.0%	0.2 PP	

PP - Percentage Points

***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.

This the first quarter that the Department will report on a quarterly basis on progress in meeting the State Rail Plan goals. FY 2008-09 is the first year of the 10-year planning period of the State Rail Plan. Following are tables for each route that show the goals in the State Rail Plan and progress in meeting them. Included in these goals are the three items specifically listed in the CTC resolution: San Diego-Los Angeles express service, internet service, and a San Diego layover facility. These items are discussed in the tables.

Previously, to report on the State Rail Plan goals, the Department prepared letters to the Commission in June 2008 on the subject of limited express service between San Diego and Los Angeles and on its investigations into the provision of wireless internet service on intercity trains.

Pacific Surfliner Route Objectives		Two-Year (2009-10)	Progress
Improve On-Time Performance		77%	Expected to reach goal by 2009-10. First quarter 2008-09 OTP was 72.7%
Construct a San Diego Layover Facility - Work With San Diego Association of Governments (SANDAG) to Identify Suitable Location and Report to the CTC Semi-annually on Progress; Develop Funding Partnership for Local, State and Federal Funds and Inform CTC; and Develop a Schedule for Delivering the Facility		Identify suitable location and develop funding plan and delivery schedule Develop funding partnership and inform CTC Develop a schedule to deliver the Layover Facility	Staff has identified a potential site north of the San Diego station and is researching the status of the site.  Funding is premature until site selection has progressed further.  Delivery schedule premature.
Streamline Operations and Improve Passenger Amenities	Implement Automated Ticket Validation and Internet ticket purchase	Implementation dependent on results of project in Northern California equipment fleet	The pilot program will be initiated on the Capitol Corridor in Spring 2009 with full roll-out in Summer 2009. If successful, program will be expanded to the Pacific Surfliners.
	Implement comprehensive wireless network for on-board, safety and equipment operations	Begin installation	Amtrak has developed an RFP for release in January 2009 for WiFi on Business Class with implementation by March 2009. Phase II, on coach class, to be implemented by August 2009.
Improve Multimodal Connectivity	Cross-ticketing and coordinated Schedules With Metrolink and Coaster	Install "next generation" ticket vending machines for cross-agency ticketing	The "next generation" ticket vending machine have been installed and will be fully operational by the end of 2008.
	Implement Express Service between Los Angeles and San Diego	With Amtrak and other partners on routes study and implement as feasible	A northbound slot has been identified. A companion southbound train is an operational challenge. Caltrans continues to work with all involved parties to identify a feasible solution.
Reduce Travel Times	San Diego to Los Angeles	Under 2.5 Hours Over 10-Year Period Achieve 2.5 hour travel time by 2017-18	Capital projects that will reduce running times are progressing. In construction are: Los Angeles-Fullerton Triple Track, Oceanside Double Track and Santa Margarita Double Track Bridge.
	Los Angeles to San Luis Obispo	Under 5.0 Hours Hours Over 10-Year Period Achieve 5 hour travel time by 2017-18	Two siding extension projects are programmed in Santa Barbara and Ventura Counties starting in 2010-11 that will improve running time.
Increase Annual Ridership (in thousands)		2,978	Expected to reach goal in 2008-09. Ridership in 2007-08 was 2,899,000.
Increase Annual Revenues (dollars in millions)		\$40.1	Expected to reach goal by 2009-10. Revenue in FY 2007-08 was \$38.7M.
Increase Farebox Ratio		62.5%	Expected to reach goal in 2008-09. Farebox ratio in 2007-08 was 61.1%.
Service Frequency (Total Trains)	Between San Diego and Los Angeles	11	This is the current frequency.
	Between Los Angeles and Goleta (Santa Barbara)	5	This is the current frequency.
	Between Goleta (Santa Barbara) and San Luis Obispo	2	This is the current frequency.
Expand Service	San Francisco to San Luis Obispo	0	This is the current frequency.

San Joaquin Route Objectives		Two-Year (2009-10)	Progress
<b>Improve On-Time Performance</b>			
	Study and Implement Premium Class Service	78% Complete study and implement service consistent with results	Expected to reach goal in 2008-90. First quarter 2008-09 OTP was 77.2%  Implementation dependent upon availability of additional rail cars. San Joaquins now at capacity during peak periods and cannot convert coaches to Premium Class.
<b>Streamline Operations and Improve Passenger Amenities</b>	Negotiate a public-private partnership to implement comprehensive wireless network for customer internet access and operational applications	Implement in 2009-10 consistent with CCJPA study	CCJPA implementation delayed due to negotiations with UP. They now anticipate an RFP in spring/summer 2009 for separate but complementing safety/security and operations/public access networks beginning in 2009, to be completed in 2010. Because of shared equipment, San Joaquin route may adopt the same system. Depending on the results of the WiFi pilot on the Pacific Surfliners in 2009 for a basic customer access system, this system may be implemented instead of the CCJPA system.
	Implement Automated Ticket Validation and Internet ticket purchase	Implement in 2009-10 on Northern California equipment fleet	The pilot program will be initiated on the Capitol Corridor in Spring 2009 with full roll-out in Summer 2009. If successful, program will be expanded to the San Joaquins.
	Implement Electronic Train Management System	Identify funding in 2008-09 contingent on full funding BNSF will begin installation in 2009-10	Federal funds may be available with federal Amtrak reauthorization. Department is also examining possible use of Proposition 1A or 1B funds and Homeland Security grants.
	Study options to originate selected trains in Fresno	Implement service consistent with results of study	First step is the development of a layover facility. Staff is beginning to identify and select suitable sites.
<b>Improve Multimodal Connectivity</b>	Coordinate with Altamont Commuter Express (ACE), Capitol Corridor, and local transit systems	Increase connectivity consistent with results of coordination efforts	In Fall 2008, new Amtrak thruway bus service from Bakersfield to LAX via Van Nuys and West Los Angeles. Renewed "Transit Transfer Pass" contracts with transit agencies and developing new ones.
<b>Reduce Travel Times</b>	Oakland to Bakersfield	Under 6.0 Hours Over 10-Year Period	Construction of Emeryville Station and track improvements to improve travel times started, and Kings Park double track project to reduce travel times under contract.
	Sacramento to Bakersfield	Under 5.0 Hours Over 10-Year Period	Kings Park double track project will benefit Sacramento to Bakersfield service travel times.
<b>Increase Annual Ridership (in thousands)</b>		903	Exceeded goal in 2007-08 with ridership of 949,611 passengers.
<b>Increase Annual Revenues (dollars in millions)</b>		\$30.6	Exceeded goal in 2007-08 with revenue of \$31.3M.
<b>Increase Farebox Ratio</b>		47.5%	Exceeded goal in first quarter 2008-09 with farebox ratio of 52.9%.
<b>Service Frequency (Total Trains)</b>	Oakland and Bakersfield	4	This is the current frequency.
	Sacramento and Bakersfield	2	This is the current frequency.
	Oakland and Stockton	NA	NA
<b>Expand Service</b>	Study options to extend rail service from Bakersfield to Los Angeles	Implement service consistent with results of study review	Options are outlined in San Joaquin Route Strategic Plan which is now being finalized.

<b>Capitol Corridor Route Objectives</b>		<b>Two-Year (2009-10)</b>	<b>Progress</b>
<b>Improve On-Time Performance</b>		Maintain 90% throughout the ten-year period	Surpassed goal in 1st Quarter 2008-09 with OTP of 90.2%.
<b>Enhance Customer Satisfaction</b>	Negotiate a public-private partnership to implement comprehensive wireless network for customer internet access and operational applications.	CCJPA in 2008-09 to negotiate partnership and implement in 2009-10	CCJPA's host railroad, Union Pacific Railroad, did not allow the most cost effective network solution so CCJPA is now working with our consultant to develop separate but complimentary safety/security and operations/public access networks in 2009. An RFQ or equivalent process will be completed in Spring/Summer 2009 to establish and build such a system beginning in 2009, with completion expected in 2010.
	Implement Automated Ticket Validation System	CCJPA to develop RFP in 2008-09 and implement in 2009-10	Pilot program initiation in Spring 2009 with full roll-out in Summer 2009.
	Implement safety and security cameras on trains and at stations	CCJPA to implement in 2009-10	Station cameras: RFP released in mid 2009; install by early 2010 On Board cameras: Caltrans installing cameras on locomotives and cab cars.
<b>Reduce Travel Times</b>	Implement Customer Relationship Management ticketing database system	CCJPA to develop RFP in 2009-10	Obtain CRM Development Consultant: Spring 2009 Develop RFP for CRM system: Spring 2010.
		Reduce by up to 12% over 10-Year Period	Future projects to reduce travel time are the Yolo Causeway West Crossover (FY 10-11) and unprogrammed projects between Oakland and San Jose and between Sacramento and Auburn.
<b>Increase Annual Ridership</b>		1,634	Surpassed goal in 2007-08 with 1,693,550 passengers carried.
<b>Increase Annual Revenues (dollars in millions)</b>		\$23.6	Met goal in 2007-08 with revenue of \$23.6M.
<b>Increase Farebox Ratio</b>		46.0%	Surpassed goal in 1st Quarter 2008-09 with Farebox Ratio of 46.9%.
<b>Increase Service Frequency</b>	Between Oakland and Sacramento	16	This is the current frequency.
	Between San Jose and Oakland	7	This is the current frequency.
	Between Sacramento and Roseville	1	This is the current frequency.
	Between Roseville and Auburn	1	This is the current frequency.