

Memorandum

To: CHAIR AND MEMBERS

CTC Meeting: April 15-16, 2009

Reference No.: 3.4
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: William D. Bronte
Chief
Division of Rail

Subject: **FY 2008-09 2nd QUARTER RAIL OPERATIONS REPORT**

SUMMARY:

This is the Second Quarter Intercity Rail Operations Report for Fiscal Year (FY) 2008-09, October through December 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 December 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.

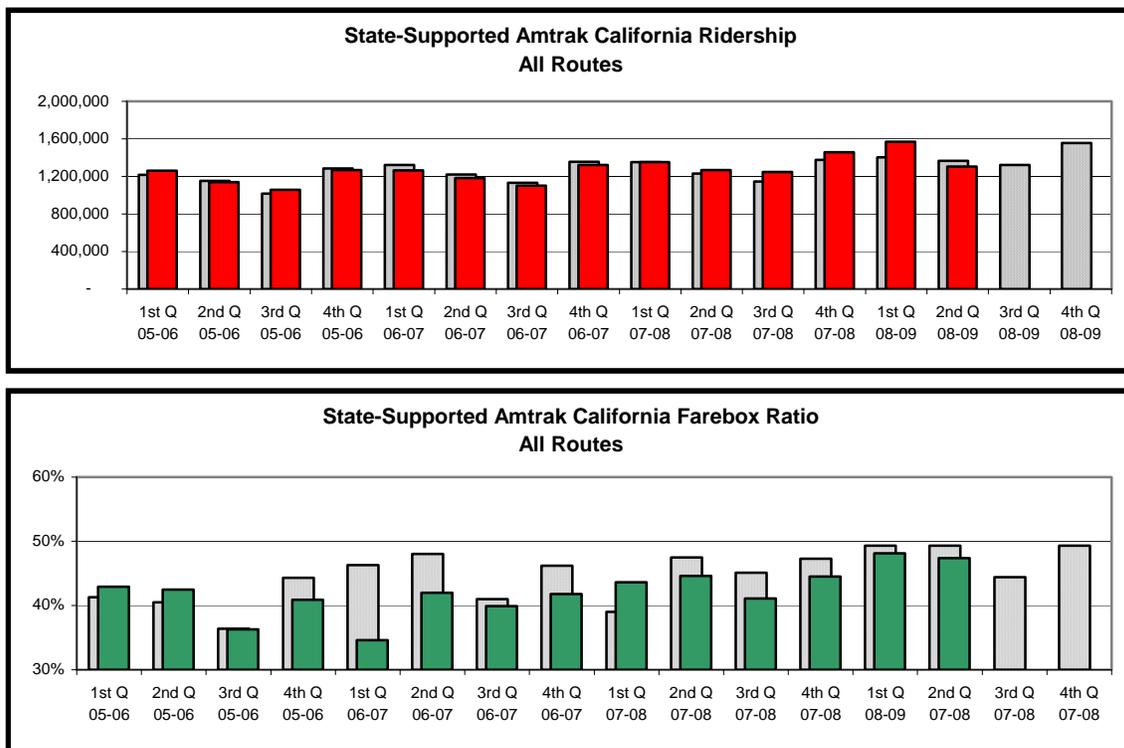
Second Quarter Results

Total ridership during the second quarter (October-December 2008) on the three routes was 3.1 percent over the comparable quarter in FY 2007-08, but 4.5 percent below the projections for the quarter in the Business Plans. Ridership on the *San Joaquins* and *Capitol Corridor* grew at impressive rates, with quarterly ridership increases of 11.3 percent and 9.5 percent respectively. Both of these routes exceeded their business plan projections by 0.2 percent for the *San Joaquin* Route and 2.6 percent for the *Capitol Corridor*.

The combined farebox ratio (revenues divided by expenses) for the three routes was 50.8 percent in the second quarter, a decrease of 1.8 percentage points from the comparable quarter in FY 2007-08 and 8.5 percentage points below the Business Plans projections. Overall revenue in the second quarter increased 1.4 percent, compared with the same quarter the previous year, and was 6.4 percent lower than the Business Plans projections for the quarter. Overall expenses increased 4.9 percent, compared with the same quarter the previous year, and were 2.6 percent higher than projections for the quarter in the Business Plans.

Combined OTP was 87.1 percent, 3.9 percentage points above same quarter in 2007-08, and 1.1 percentage points above 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. December 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 second quarter.

State-Supported Amtrak California Services - 2nd Quarter 08-09							
All Routes							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	2nd Qtr 08-09	2nd Qtr 07-08	Difference	Percent Change	2nd Qtr 08-09	Actual to BP Proj.	Percent Difference
Ridership	1,305,474	1,266,751	38,723	3.1%	1,366,320	(60,846)	-4.5%
Revenue	\$ 25,543,573	\$ 25,188,977	\$ 354,596	1.4%	\$ 27,299,024	\$ (1,755,451)	-6.4%
Expense	\$ 50,244,415	\$ 47,897,643	\$ 2,346,772	4.9%	\$ 48,976,027	\$ 1,268,388	2.6%
Farebox Ratio	50.8%	52.6%	-1.8 PP		55.7%	-4.9 PP	
On-Time Performance	87.1%	83.2%	3.9 PP		86.0%	1.1 PP	

PP - Percentage Points

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

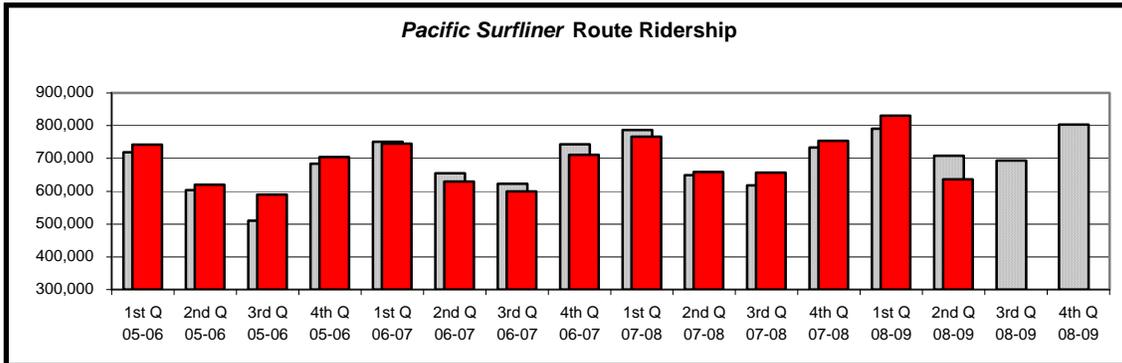
BACKGROUND:

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.

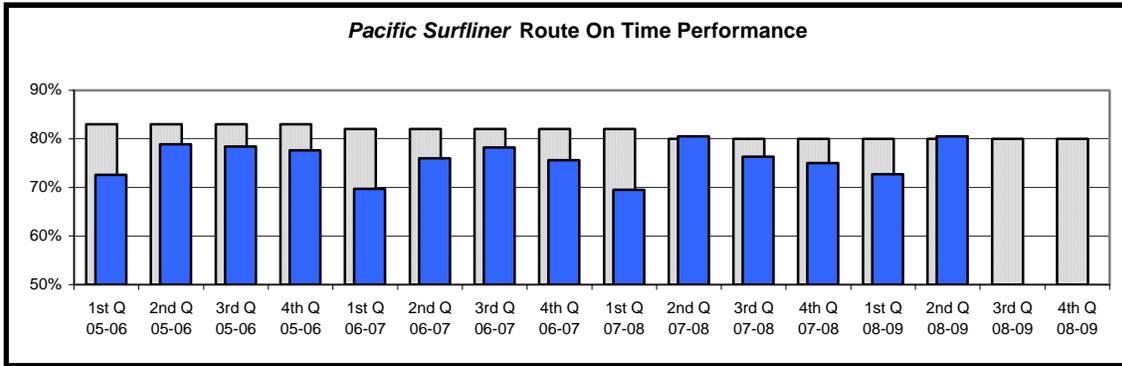
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio and on-time performance.

Ridership on the *Pacific Surfliner* Route progressively weakened during the second quarter as economic activity in Southern California began to decline. Total *Pacific Surfliner* ridership for the second quarter was 3.4 percent less than the same quarter the previous year and was 10.2 percent below the Business Plan projection.

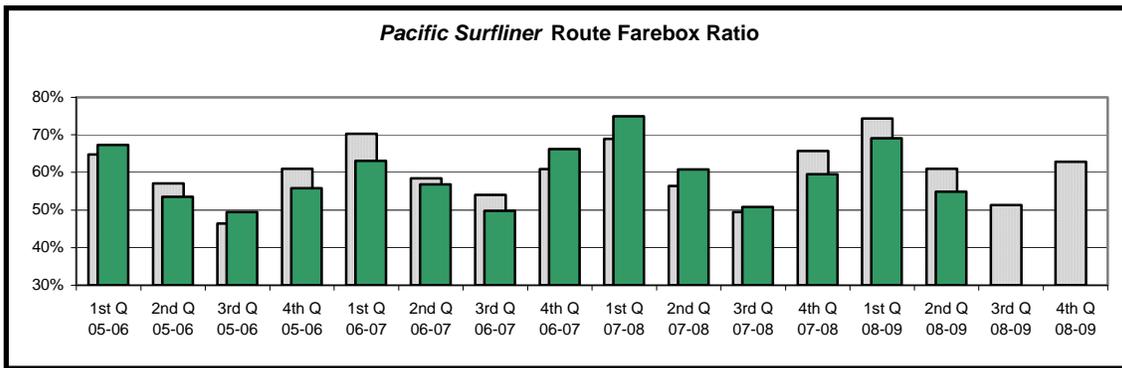


On-time performance (OTP) in the second quarter was 80.5 percent, identical to the second quarter of the previous year and 0.5 percentage points above the Business Plan projection of 80 percent. OTP will improve as the 15 mile Los Angeles to Fullerton triple-track and six grade crossings project progresses. 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 78.3 percent. Between Los Angeles and San Diego, the OTP was 80.9 percent. This corresponds with the same quarter last year with an OTP north of Los Angeles of 79.9 percent, and 80.3 percent south of Los Angeles.



Farebox ratio in the second quarter decreased by 5.9 percentage points to 54.9 percent and was 6.1 percentage points below the Business Plan projection of 61.0 percent. Revenue for the second quarter decreased 2.4 percent compared to the same quarter the previous year and was 9.7 percent below the Business Plan projection. Expenses over the same quarter increased 8.0 percent, compared with the previous year, and was 0.3 percent above the Business Plan projection. Decreased revenue was the result of decreased ridership.



State-Supported Amtrak California Services - 2nd Quarter 08-09							
Pacific Surfliner Route							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	2nd Qtr 08-09	2nd Qtr 07-08	Difference	Percent Change	2nd Qtr 08-09	Actual to BP Proj.	Percent Difference
Ridership	635,879	658,571	(22,692)	-3.4%	707,924	(72,045)	-10.2%
Revenue	\$ 11,913,317	\$ 12,204,482	\$ (291,165)	-2.4%	\$ 13,187,101	\$ (1,273,784)	-9.7%
Expense	\$ 21,687,272	\$ 20,078,701	\$ 1,608,571	8.0%	\$ 21,617,734	\$ 69,538	0.3%
Farebox Ratio	54.9%	60.8%	-5.9 PP		61.0%	-6.1 PP	
OTP-Route	80.5%	80.5%	0.0 PP		80.0%	0.5 PP	
OTP-North	78.3%	79.9%	-1.5 PP				
OTP-South	80.9%	80.3%	0.6 PP				

PP - Percentage Points

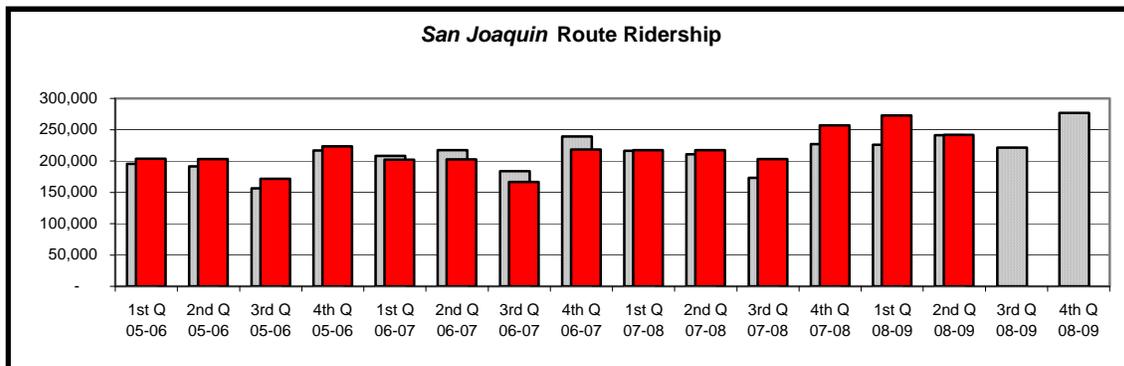
San Joaquin Route

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.

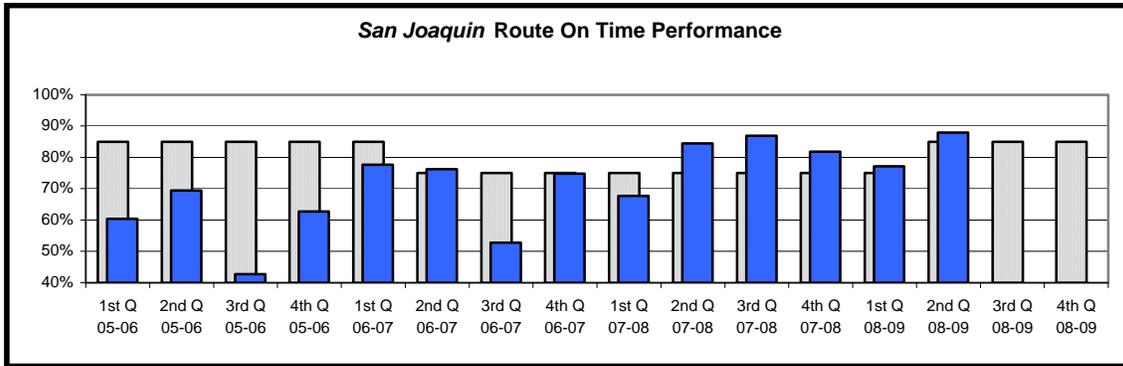
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio and on-time performance.

Ridership on the *San Joaquin* route continued the steady increase that began in FY 2007-08. All three months set ridership records for their respective months, and the route has now set new monthly records in 11 of the last 12 months.

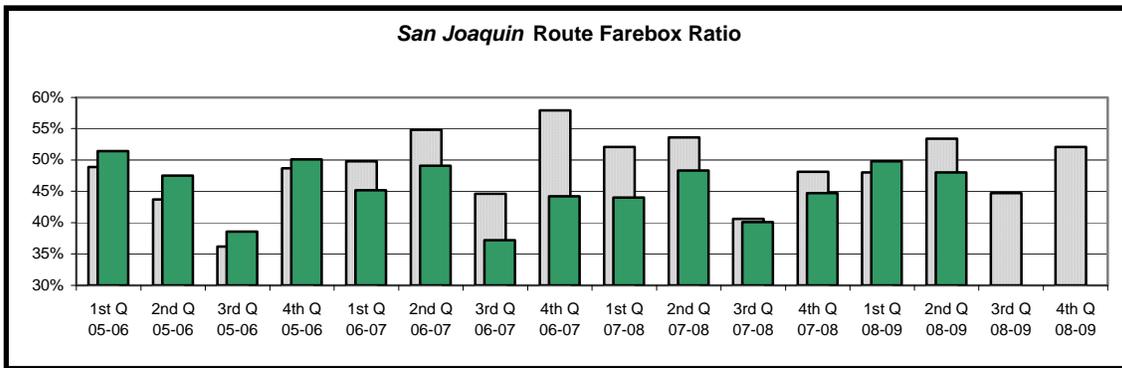
The ridership on the *San Joaquins* for the second quarter was up an impressive 11.3 percent above the same period the prior year and was 0.2 percent above the Business Plan projection. The 25 percent fare roll-back in April 2008 along with the improvement in OTP has had a positive impact on ridership.



On-time performance (OTP) in the second quarter was 87.9 percent, a 3.4 percentage point improvement over the same quarter in FY 2007-08, and surpassed the Business Plan projection of 85 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 five quarters.



Farebox ratio in the second quarter was 48.0 percent, 0.3 percentage points below the same period of the previous year and 5.4 percentage points below the Business Plan projection of 53.4 percent. The revenue projections were based on higher ticket prices than were actually used. Revenue for the second quarter decreased 1.1 percent compared to the previous year and was 7.0 percentage points below the Business Plan projection. Expenses also decreased 0.5 percent compared with the previous year but was 3.5 percent above the Business Plan projection.



State-Supported Amtrak California Services - 2nd Quarter 08-09							
San Joaquin Route							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	2nd Qtr 08-09	2nd Qtr 07-08	Difference	Percent Change	2nd Qtr 08-09	Actual to BP Proj.	Percent Difference
Ridership	241,693	217,249	24,444	11.3%	241,300	393	0.2%
Revenue	\$ 7,471,552	\$ 7,553,181	\$ (81,629)	-1.1%	\$ 8,031,775	\$ (560,223)	-7.0%
Expense	\$ 15,557,260	\$ 15,628,549	\$ (71,289)	-0.5%	\$ 15,028,727	\$ 528,533	3.5%
Farebox Ratio	48.0%	48.3%	-0.3 PP		53.4%	-5.4 PP	
On-Time Performance	87.9%	84.5%	3.4 PP		85.0%	2.9 PP	

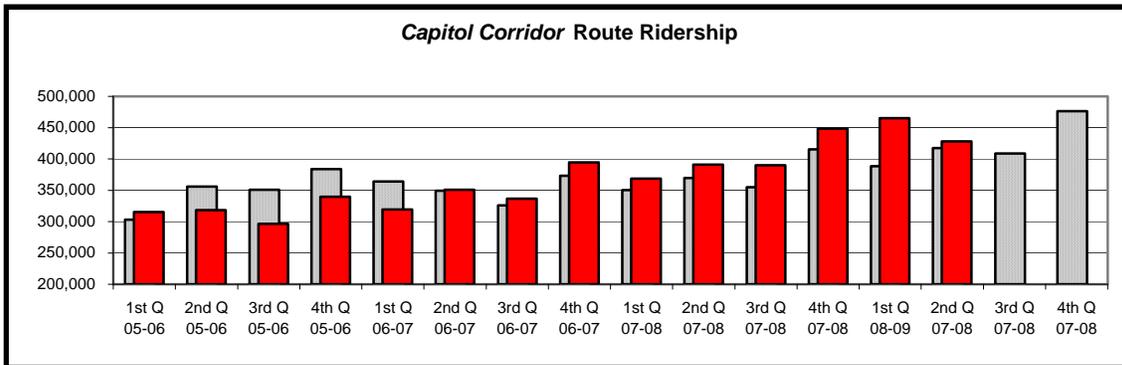
PP - Percentage Points

Capitol Corridor

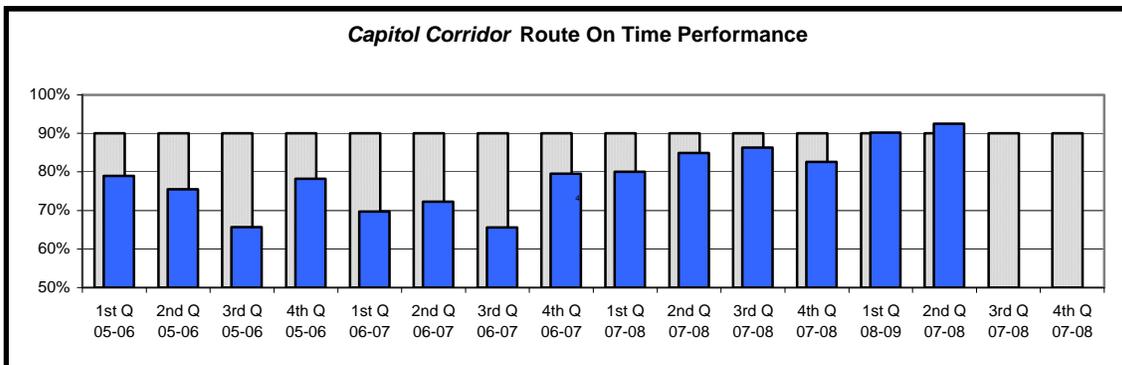
In August 28, 2006, the Capital Corridor Joint Powers Authority added four weekday round trips between Sacramento and Oakland and extended three additional round trips south from Oakland to San Jose, bringing the total level of service to 16 weekday round-trips between Oakland and Sacramento with seven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

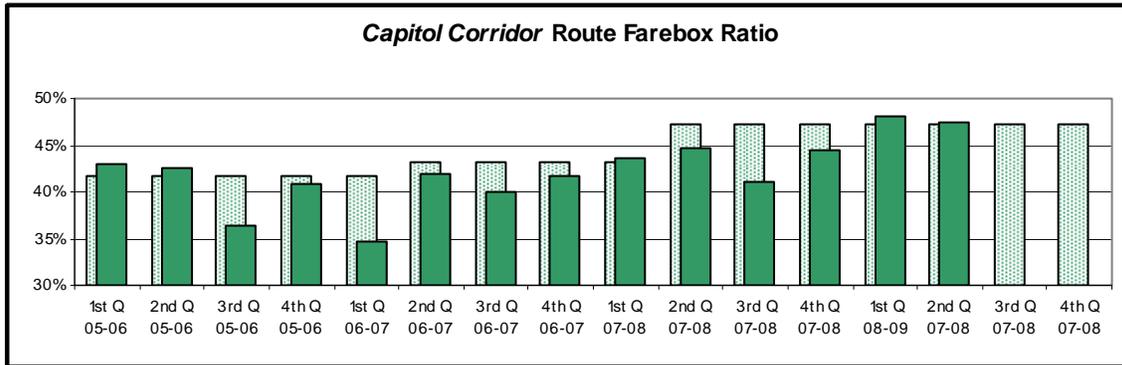
Ridership on the *Capitol Corridor* continued the impressive growth shown over the past two years, with 27 consecutive months of record ridership. The ridership for this quarter was 427,902, an improvement of 9.5 percent over the prior year quarter, and 2.6 percent over the business plan estimate.



On-time performance (OTP) improved to 92.5 percent, 7.6 percentage points above the comparable quarter the previous year. It surpassed 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. Also, the reduced freight traffic as a result of the downturn of the economy may have helped to improve OTP.



Farebox ratio in the second quarter increased 2.8 percentage points to 47.4 percent but was 1.9 percentage points below the Business Plan projection. Revenue for the second quarter increased 13.4 percent compared to the same quarter the previous year and was 1.3 percent higher than the Business Plan projection. Expenses were up 6.6 percent compared with the same quarter the previous year and 5.4 percent above than the Business Plan projection. The high revenue was the result of ridership and recent fare increases.



State-Supported Amtrak California Services - 2nd Quarter 08-09							
Capitol Corridor							
	ACTUAL RESULTS				BUSINESS PLAN PROJECTIONS		
	2nd Qtr 08-09	2nd Qtr 07-08	Difference	Percent Change	2nd Qtr 08-09	Actual to BP Proj.	Percent Difference
Ridership	427,902	390,931	36,971	9.5%	417,096	10,806	2.6%
Revenue	\$ 6,158,704	\$ 5,431,314	\$ 727,390	13.4%	\$ 6,080,148	\$ 78,556	1.3%
Expense	\$ 12,999,883	\$ 12,190,393	\$ 809,490	6.6%	\$ 12,329,566	\$ 670,317	5.4%
Farebox Ratio	47.4%	44.6%	2.8 PP		49.3%	-1.9 PP	
On-Time Performance	92.5%	84.9%	7.6 PP		90.0%	2.5 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 is the second 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. Second quarter 2008-09 OTP was 80.5%
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	Staff has identified a potential site north of the San Diego station and is researching the status of the site.
		Develop funding partnership and inform CTC	Funding is premature until site selection has progressed further.
		Develop a schedule to deliver the Layover Facility	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 was to be initiated on the Capitol Corridor in Spring 2009 with implementation in Summer 2009. However, the project may be delayed as it is primarily funded by Prop. 1B funds which are currently suspended. If successful, program would be expanded to the Pacific Surfliners.
	Implement comprehensive wireless network for on-board, safety and equipment operations	Begin installation	Amtrak is developing an RFP for release in April 2009 for WiFi on Business Class with implementation in 2009. Phase II, on coach class, will follow.
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 machines have been installed and were fully operational in January 2009.
Reduce Travel Times	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.
	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 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 2009-10. Ridership in 2007-08 was 2,899,000, however ridership is down 3.4% October-December 2008.
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 2009-10. 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.

"Caltrans improves mobility across California"

San Joaquin Route Objectives		Two-Year (2009-10)	Progress
Improve On-Time Performance		78%	Expected to reach goal in 2008-09. Second quarter 2008-09 OTP was 87.9%
Streamline Operations and Improve Passenger Amenities	Study and Implement Premium Class Service	Complete study and implement service consistent with results	Implementation dependent upon availability of additional rail cars. San Joaquins now at capacity during peak periods and cannot convert coaches to Premium Class.
	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	Anticipate an RFQ in March 2009 for separate but complementing safety/security and operations/public access networks. Due to the suspension of Prop. 1B funding source, implementation will proceed if Federal Stimulus funds are received. The Federal funds application is for a joint Capitol Corridor/San Joaquin Route system.
	Implement Automated Ticket Validation and Internet ticket purchase	Implement in 2009-10 on Northern California equipment fleet	The pilot program was to be initiated on the Capitol Corridor in Spring 2009 with implementation in Summer 2009. However, the project may be delayed, as it is primarily funded by Prop 1B funds that are suspended. 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. BNSF's first priority is in the Los Angeles Basin that is targeted for completion by the end of 2012. San Joaquin Valley implementation is unlikely before 2013.
	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. Project implementation documents will be developed by the end of March.
Improve Multimodal Connectivity	Coordinate with Altamont Commuter Express (ACE), Capitol Corridor, and local transit systems	Increase connectivity consistent with results of coordination efforts	Working with Amtrak and City of Fresno to provide secure bicycle parking at the station. Introduction of pedicab service in Fresno, Hanford and Bakersfield is planned. Renewed "Transit Transfer Pass" contracts with transit agencies and developing new ones.
Reduce Travel Times	Oakland to Bakersfield	Under 6.0 Hours Over 10-Year Period	Kings Park double track project to reduce travel times under contract. Construction of Emeryville Station on hold because of bond suspension.
	Sacramento to Bakersfield	Under 5.0 Hours Over 10-Year Period	Kings Park double track project will benefit Sacramento to Bakersfield service travel times. Kings Park initial construction is underway; will be completed at end of 2012.
Increase Annual Ridership (in thousands)		903	Expected to reach goal in 2008-09. 2007-08 ridership was 949,611.
Increase Annual Revenues (dollars in millions)		\$30.6	Expected to reach goal in 2008-09. 2007-08 revenue was \$31.3M.
Increase Farebox Ratio		47.5%	Expected to reach goal in 2008-09. Second quarter 2008-09 farebox ratio was 48.0%.
Service Frequency (Total Trains)	Oakland and Bakersfield	4	This is the current frequency.
	Sacramento and Bakersfield	2	This is the current frequency.
	Oakland and Stockton	NA	NA
Expand Service	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.

Capitol Corridor Route Objectives		Two-Year (2009-10)	Progress
Improve On-Time Performance		Maintain 90% throughout the ten-year period	Expected to reach goal in 2008-09. Second Quarter 2008-09 was 92.5%.
Enhance Customer Satisfaction	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	Anticipate an RFQ in March 2009 for separate but complementing safety/security and operations/public access networks. Due to the suspension of Prop. 1B funding source, implementation will proceed if Federal Stimulus funds are received. The Federal funds application is for a joint Capitol Corridor/San Joaquin Route system.
	Implement Automated Ticket Validation System	CCJPA to develop RFP in 2008-09 and implement in 2009-10	The pilot program was to be initiated in Spring 2009 with implementation in Summer 2009. However, the project may be delayed, as it is primarily funded by Prop 1B funds that are suspended. If successful, program will be expanded to the San Joaquins.
	Implement safety and security cameras on trains and at stations	CCJPA to implement in 2009-10	Station cameras: Security camera pilot program was to be conducted at six Capitol Corridor stations beginning by late 2009 with full 16-station implementation by the end of 2010. Project delayed due to suspension of Prop 1B funds, the sole source of funding for this project. On Board cameras: Caltrans' installation of cameras on locomotives and cab cars is delayed for more extensive endurance testing.
	Implement Customer Relationship Management ticketing database system	CCJPA to develop RFP in 2009-10	Delayed due to lack of State funding. Federal Stimulus funds have been applied for.
Reduce Travel Times		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.
Increase Annual Ridership		1,634	Expected to reach goal in 2008-09. 2007-08 ridership was 1,693,550.
Increase Annual Revenues (dollars in millions)		\$23.6	Expected to reach goal in 2008-09. 2007-08 revenue was \$23.6M.
Increase Farebox Ratio		46.0%	Expected to reach goal in 2008-09. Second quarter 2008-09 farebox ratio was 47.4%.
Increase Service Frequency	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.