Memorandum

TAB 94

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 11, 2013

Reference No.: 3.14
Information

From: Susan Bransen for
ANDRE BOUTROS
Executive Director

Subject: **UPDATE ON THE TRANSPORTATION AGENCY FOR MONTEREY COUNTY OPERATING AND MAINTENANCE PLAN FOR THE PROJECT TO EXTEND RAIL SERVICE TO MONTEREY COUNTY**

SUMMARY

In June 2012, the Commission adopted Resolution Waiver-12-49 approving a 20-month extension for the period of project development expenditures for $6,247,813 in Proposition 116 funds allocated to the Transportation Agency for Monterey County (TAMC) for the Caltrain Extension to Monterey County project.

As a condition of approval for the June 2012 time extension, the Commission requested that TAMC return in six months, December 2012, and provide a presentation of the business and operations plan for the project, by then known as the Commuter Rail Extension to Monterey County project.

With the intention of meeting that requirement, TAMC submitted the attached Draft Operating and Maintenance Plan for the Capitol Corridor Extension to Monterey County project.

BACKGROUND

Proposition 116 (PUC Section 99638) authorizes $17,000,000 to TAMC for either the (a) extension of Caltrain service to Monterey County; or (b) another rail project within Monterey County.

Pursuant to Section 99638 (b), the TAMC programmed $9,820,000 for project development and right of way acquisition for the Monterey Branch Line project. The TAMC has programmed the remaining $7,180,000 to its rail extension to Monterey County project.

On April 8, 2010, the Commission approved Resolution PA-10-03, programming $7,180,000 for the CalTrain Extension to Monterey project. Of that amount, $932,187 was for project development activities, and the remaining $6,247,813 was allocated for the right-of-way (R/W) phase.

Attachment

TAB 94

TAMC
TRANSPORTATION AGENCY
FOR MONTEREY COUNTY

DRAFT

Operating and Maintenance Plan

Capitol Corridor Extension to Monterey County Project

Transportation Agency for Monterey County

May 2013

Operating and Maintenance Plan

I. Introduction

This Operating Plan has been jointly developed between the Capitol Corridor Joint Powers Authority (CCJPA) and the Transportation Agency for Monterey County (TAMC), based on adopted Principles of Agreement (POA) regarding the cooperative development and planning for the implementation of new passenger rail service from San Jose to Salinas, California ("Project").

Through previous transportation planning studies, TAMC and the State of California determined that they need to invest in a system of premium transit services to offer a viable transportation alternative to automobile highway travel and attract new riders from the automotive modes of travel in order to provide additional transportation capacity in the US 101 Corridor, thereby reducing congestion, improving air quality, and saving energy in the Monterey Bay Area and San Francisco Bay Area.

TAMC, as the local lead agency, grantee agency and owner of the project, proposes to extend passenger rail service from Santa Clara County south to Salinas. The project would function as an extension of planned Oakland to San Jose expansion of state-sponsored Capitol Corridor (Auburn-Sacramento-Oakland/San Francisco-San Jose) passenger rail service. **Figure 1** is the Regional Transit System Map showing proposed station locations in Monterey County.

The service will start with two daily round trips between Salinas and Sacramento, expanding to up to six round trips as demand warrants. Revenue service is targeted for 2018. The project provides an alternative to the highly congested US 101 corridor to access to jobs, education, and health care, and improves interregional transportation and air quality. It also promotes mixed-use, transit-oriented development, affordable housing, livable communities and economic growth around the three stations.

This document explains the operating and maintenance costs and the fare and revenue assumptions for the project. The project assumes that TAMC would contract with the CCJPA to provide peak period passenger rail service from Salinas to San Jose. The passenger rail service would operate on existing Union Pacific Railroad right-of-way. The CCJPA is taking the lead in negotiations with Union Pacific, the Caltrain Joint Powers Board, and the Santa Clara Valley Transportation Authority (VTA) related to track access rights. The CCJPA would subcontract the operations of the line to their system operator, currently Amtrak. Equipment would be state-owned and must be acquired prior to the start of service. Two trains would layover in Salinas and use the maintenance facilities in Oakland.

Figure 1
Regional Transit System Map and Proposed Station Locations

The new passenger service is assumed to supplement Caltrain service south of San Jose Diridon Station, making stops at Tamien, Morgan Hill and Gilroy. The three new Monterey County stations constructed by TAMC for this new service include, north to south: Pajaro/ Watsonville, Castroville, and Salinas. Passengers traveling between Monterey County and San Francisco Peninsula cities could transfer to Caltrain at any of the Santa Clara County stations. Discussions with Caltrain and VTA related to coordinating operations of Caltrain and the Capitols through Santa Clara County are ongoing.

The service from Monterey County will provide a weekday service oriented to those making frequent work-based trips (see **Table 1**). The service would start with early morning departures from Salinas (approximately 5:06 am and 6:01 am, arriving to San Jose at 6:37 am and 7:32 am, respectively) and afternoon return trips (leaving San Jose at approximately 5:14 pm and 6:45 pm, arriving Salinas at 6:45 pm and 8:16 pm, respectively). Weekend times will vary.

Table 1
Draft Train Schedule

NORTHBOUND (AM)		
Station	**Train #1**	**Train #2**
Salinas	5:06	6:01
Castroville	5:16	6:11
Pajaro/Watsonville	5:31	6:26
Gilroy	6:00	6:55
Morgan Hill	6:14	7:09
Tamien	6:32	7:27
San Jose Diridon	6:37	7:32
Oakland	7:43	8:40
Sacramento	9:48	10:40

SOUTHBOUND (PM)		
Station	**Train #1**	**Train #2**
Sacramento	2:10	3:35
Oakland	4:03	5:28
San Jose Diridon	5:14	6:45
Tamien	5:19	6:50
Morgan Hill	5:37	7:08
Gilroy	5:51	7:22
Pajaro/Watsonville	6:20	7:51
Castroville	6:35	8:06
Salinas	6:45	8:16

This schedule reflects the full buildout scenario of three Monterey County stations. TAMC plans to kick-start this project with service to Salinas only in the near term, building the other two Monterey County stations (Pajaro/Watsonville and Castroville) as funding becomes available. Part of this kick-start project is making improvements at Gilroy to allow the through trains to stop at the Gilroy station, currently a terminal station for Caltrain. TAMC has a reasonable plan to fully fund this kick-start project through state and local funds.

Each train would have five coach cars pushed or pulled by a diesel locomotive. Every train complies with the Americans with Disabilities Act (ADA) with wheelchair lifts on every car. Stations will also be ADA-accessible.

II. Fares and Revenue

The project would use the same fare structure as the operating entity, the Capitol Corridor. The Capitol Corridor uses a sliding-scale, mileage-based fare structure. One-way fares range from $0.60 per mile for very short trips to about $0.21 per mile for the longest possible trip between San Jose and Auburn. Monthly fares are deeply discounted. The total annual estimated fare revenues for the project equal $3.2 million in fiscal year (FY) 2012 dollars (see **Table 2**).

Table 2
Fare Revenues ($ FY 2012)

	Annual Riders	Average Fare per Rider (one-way)	Average Salinas-San Jose Fare (one-way)	Annual Revenue
Weekday	133,180	$17.24	$9.10	$2,300,100
Weekend	16,020	$56.17	$9.10	$899,900
Total	**149,200**			**$3,200,000**

The weekday average fare per rider reflects the assumption that most riders will be traveling from Salinas to stations in Silicon Valley (approximately $9.10 average one-way fare, factoring in monthly pass discounts), combined with occasional longer weekday trips. For the weekend average fare, passengers are assumed to be making much longer trips, from as far as Sacramento to Salinas. The ridership and revenues may be as much as thirty percent less with the kick-start project, skipping the Pajaro/Watsonville and Castroville stations.

The expected revenues generated by the project are confined to that service only, and do not include revenues from riders who utilize the service north of the San Jose Diridon station. Trips north of the Diridon station to San Francisco Peninsula cities will require a transfer to Caltrain service. At present, there are no interline fare agreements between Caltrain and Capitol Corridor. The development of such arrangements would be necessary to accurately estimate total project revenues. Interline agreements will be pursued as project development advances.

III. Operating and Maintenance Costs

The project is estimated to cost $4.8 million annually for two daily, round-trip trains (FY 2012 dollars, see **Table 3**). Train operations would constitute the majority of the direct operating cost, estimated as $4.5 million. Indirect costs for marketing, administrative expenses and crew basing are included as allowances for the purpose of budgeting.

Table 3
Preliminary Gross Annual Operating and Maintenance Cost ($ FY 2012)

Expense Category	Variable	Unit Cost	Units	Total
Train Operations	Train Miles	$46.31	97,100	$4,496,700
Indirect*				$347,800
$FY 2012 Total Cost				**$4,844,500**

** Indirect includes such expenses as administration, marketing and crew basing.*

These estimates are preliminary, based on the Capitol Corridor business plan. Amtrak is developing more detailed operating and maintenance cost estimates customized to the Salinas extension described.

The net annual public cost (after fare revenues) for the service is estimated at $1.6 million, as shown in **Table 4**. The operating cost (and offsetting revenues) of Capitol Corridor service north of San Jose is not included as a cost in these figures, as this service exists or is planned with or without the service extension to Salinas.

Table 4
Preliminary Net Annual Operating and Maintenance Cost (FY $2012)

Cost	Revenue	Net Public Cost	Farebox Recovery
$4,844,500	$3,200,000	$1,644,500	66%

The estimated farebox recovery ratio of 66% is above the current Capitol Corridor farebox recovery of 52%. The goal for this project is to meet or exceed the Capitol Corridor minimum standard of 50%.

IV. Source of funds

This project is expecting to use state passenger rail operating funds to cover the net operating and maintenance costs of this service. The project was included in the California State Rail Plan 2007-08 to 2017-18, which assumed the project would be an extension of Caltrain commuter rail system to Salinas. The State rail plan is now being revised and will include the project as a service operated and administered by the Capitol Corridor Joint Powers Authority as this project proposes. The project is also included in the Capitol Corridor Joint Powers Authority Business Plan Update FY 2012-13 – FY 2013-14 and the Vision Plan, now under development.

V. Conclusion

The proposed passenger rail service from Monterey County to the jobs center of Silicon Valley in San Jose will provide a daily service at a net public operating cost of approximately $1.6 million annually. This cost would be covered by state rail operating dollars. The project is a cost-effective project that demonstrates the ability to rely on non-federal funding sources to operate and maintain the entire transit system after the proposed project is in revenue service.

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