

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

Date: December 10, 2014

Reference No.: 3.8
Information Item

From: NORMA ORTEGA
Chief Financial Officer

Prepared by: Bruce Roberts, Acting Chief
Division of Rail and Mass
Transportation

Subject: **FY 2014-15 FIRST QUARTER INTERCITY PASSENGER RAIL OPERATIONS REPORT**

HIGHLIGHTS:

For Fiscal year 2014-15, revenue was improved from the prior year first quarter by 4.4 percent and was 7.2 percent above the performance goal. Expenses were 3.1 percent lower than the goal and were 4.7 percent above last year's first quarter. As a result, the farebox ratio of 62.1 percent exceeded the financial performance goal by 6.0 percentage points.

The farebox ratio for the Pacific Surfliner service for the first quarter was 77.7 percent, 12.2 percentage points above the performance goal and 5.7 percentage points above the same period last year. Revenue in the first quarter exceeded the performance goal by 19.8 percent, and increased 7.5 percent compared to the same quarter in the previous year, and set monthly ticket revenue records for all three months of the quarter, including an all time single month revenue record of over \$7 million in July. Expenses were 1.0 percent above the performance goal and decreased 0.4 percent over the prior year first quarter.

The on-time performance (OTP) for all three state supported routes for the first quarter was 86.0 percent, a 0.6 percentage point decline over the same quarter in FY 2013-14, but was 2.0 percentage points above the combined performance goal.

SUMMARY:

This is the first quarter Rail Operations Report for State Fiscal Year (FY) 2014-15, July through September 2014, as requested by the California Transportation Commission (Commission). The report contains information for each of the three state supported intercity passenger rail routes on ridership, on-time performance and financial results. The report includes current quarter results, a comparison of the current quarter to the stated performance goals and a comparison of the current quarter to the same period of the prior year.

California provides financial and administrative support for intercity rail passenger service on three corridors within the State: the *Pacific Surfliner Route* between San Diego, Los Angeles, Santa Barbara 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 fifth busiest routes in the national intercity passenger rail system. The *Pacific Surfliner* and *San Joaquin* routes are administered by the California Department of Transportation (Department), while the *Capitol Corridor* is administered by a separate agency, the Capitol Corridor Joint Powers Authority (CCJPA), using funding provided by the State of California. The CCJPA and the Department contract with Amtrak to operate the three routes.

From Federal Fiscal Year (FFY) 2009-10 through FFY 2013-14 expenses have been calculated based on a predetermined fixed dollar amount with the exception of fuel and host railroad expenses. This type of fixed fee contract limits the State's financial risk. Expenses are calculated in the same manner in the contract between the CCJPA and Amtrak.

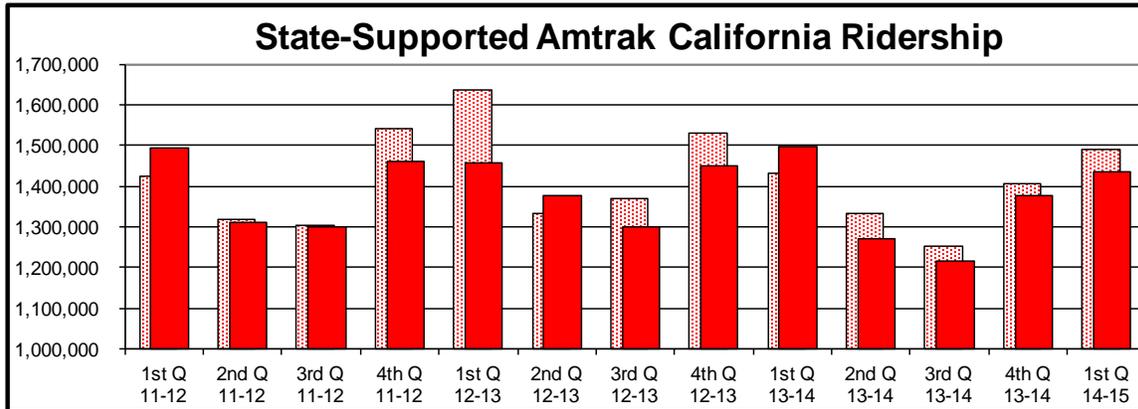
Since FFY 2011-12, the reported results include: actual revenue, fixed price expenses, actual fuel cost, actual railroad performance payments and actual host railroad access fees. The farebox ratio shown is a ratio of the actual revenue to billed expenses, which includes both the fixed price and the three categories of actual expenses.

First Quarter Results

The first quarter of FY 2014-15 includes the implementation of Section 209 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). This act standardized the methodology for determining the cost of all state-supported operations and capital equipment charges, and required that all passenger service under 750 miles in length be entirely financially supported by the states. California now assumes the full operating and capital equipment costs on all three routes.

Electronic-ticketing (e-ticketing) is universally used on California intercity passenger rail service. This enables Amtrak to accurately count passengers including multi-ride tickets. Prior to e-ticketing, Amtrak estimated how many times multi-ride tickets were used. All three routes reported ridership declines this quarter; some of this decline is attributable to the over count in the prior years.

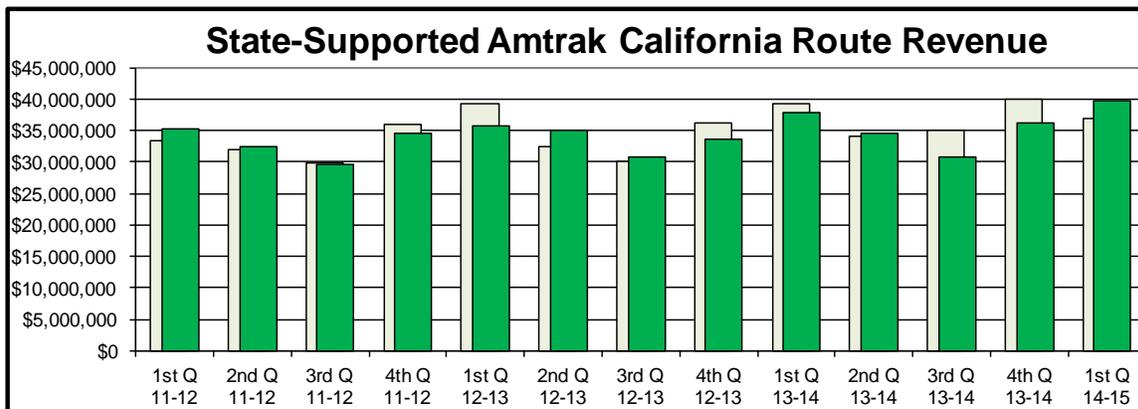
Total combined ridership during the first quarter (July-September 2014) on the three routes was below the performance goal by 3.7 percent. Actual ridership was down 4.3 percent from the comparable quarter results reported in FY 2013-14.



Note: Solid Bars reflect actual results; Shaded Bars reflect Performance Goals

Combined on-time performance (OTP) for the first quarter was 86.0 percent, a 0.6 percentage point decline over the same quarter in FY 2013-14, but was 2.0 percentage points above the combined performance goal. The *Capitol Corridor* exceeded the performance goal with almost 95 percent on-time operation, the *San Joaquin Route* was almost 72 percent and the *Pacific Surfliner Route* recorded almost 77 percent on-time.

Revenue was improved from the prior year first quarter by 4.4 percent and was 7.2 percent above the performance goal. Expenses were 3.1 percent lower than the goal and were 4.7 percent above last year's first quarter. As a result, the farebox ratio of 62.1 percent exceeded the financial performance goal by 6.0 percentage points.



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 of FY 2014-15.

State-Supported Amtrak California Services - 1st Quarter 2014-15							
All Routes							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	1st Qtr 14-15	1st Qtr 13-14	Difference	Percent Change	1st Qtr 14-15	Actual to Goals	Percent Difference
Ridership	1,433,377	1,497,308	(63,931)	-4.3%	1,488,570	(55,193)	-3.7%
Revenue	\$ 39,615,745	\$ 37,961,177	\$ 1,654,568	4.4%	\$ 36,942,160	\$ 2,673,585	7.2%
Expense	\$ 63,844,222	\$ 60,976,848	\$ 2,867,374	4.7%	\$ 65,858,261	\$ (2,014,039)	-3.1%
Farebox Ratio	62.1%	62.3%	-0.2 PP		56.1%	6.0 PP	
On-Time Performance	86.0%	86.6%	-0.6 PP		84.0%	2.0 PP	

PP - Percentage Points

Route-specific graphs and tables are contained in the following sections.

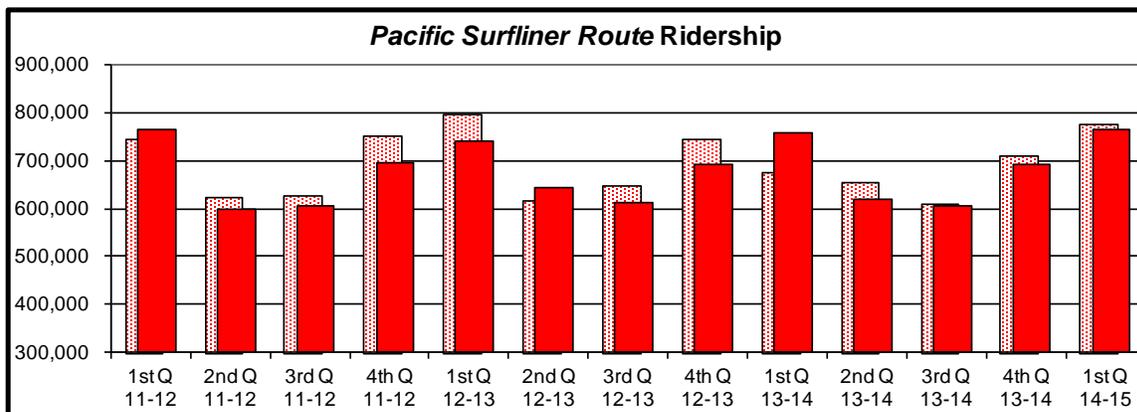
BACKGROUND:

Pacific Surfliner Route

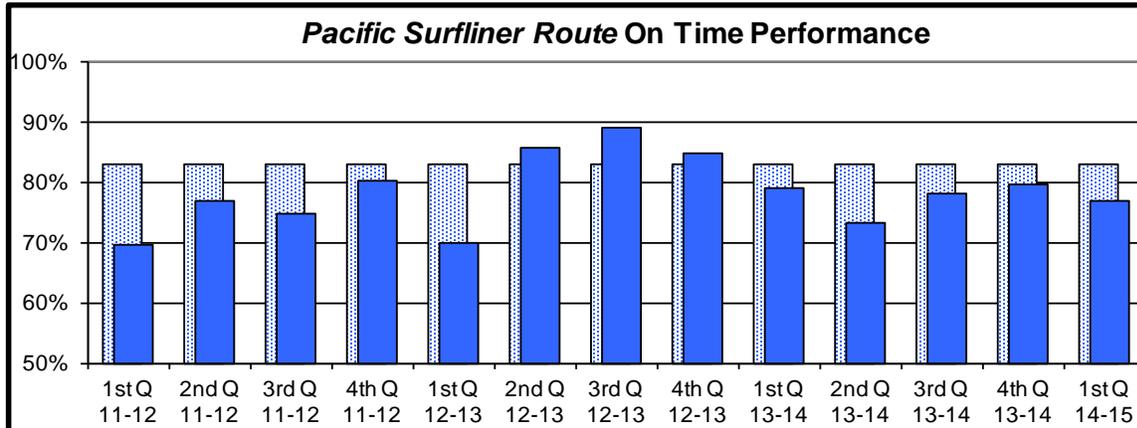
There are currently 11 daily round-trips between Los Angeles and San Diego, four of which are through-trains between San Diego and Goleta (Santa Barbara); one of which continues north to and from San Luis Obispo. A second San Luis Obispo round-trip originates in Los Angeles, turns around in San Luis Obispo and continues south to San Diego, bringing the total level of service north of Los Angeles to five daily round-trips. Prior to the implementation of PRIIA Section 209, the *Pacific Surfliner Route* was partially funded by Amtrak. Since October 2013, the *Pacific Surfliner Route* is entirely State funded.

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

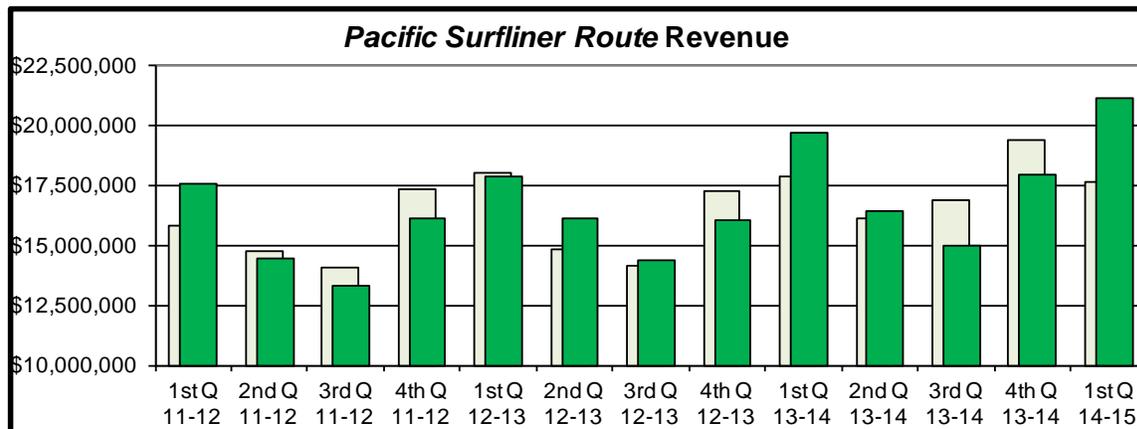
Ridership on the *Pacific Surfliner Route* increased 1.1 percent in the first quarter compared to the results reported in same quarter in the prior year, but was below the performance goal by 1.1 percent.



On-time performance (OTP) in the first quarter was 76.9 percent, 2.2 percentage points below the previous year’s first quarter and 6.1 percentage points below the 83 percent performance goal. For the quarter, between Los Angeles and San Diego, OTP was 75.8 percent, a decline of 0.2 percentage points from the first quarter of last year. Between Los Angeles and San Luis Obispo, OTP was 75.1 percent, down 9.6 percentage points from one year ago.



Farebox ratio for the quarter was 77.7 percent, 12.2 percentage points above the performance goal and 5.7 percentage points above the same period last year. Revenue in the first quarter exceeded the performance goal by 19.8 percent, and increased 7.5 percent compared to the same quarter in the previous year, and set monthly ticket revenue records for all three months of the quarter, including an all time single month revenue record of over \$7 million in July. Expenses were 1.0 percent above the performance goal and decreased 0.4 percent over the prior year first quarter.



State-Supported Amtrak California Services - 1st Quarter 2014-15							
Pacific Surfliner Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	1st Qtr 14-15	1st Qtr 13-14	Difference	Percent Change	1st Qtr 14-15	Actual to Goals	Percent Difference
Ridership	765,733	757,730	8,003	1.1%	774,055	(8,322)	-1.1%
Revenue	\$ 21,169,670	\$ 19,686,058	\$ 1,483,612	7.5%	\$ 17,666,000	\$ 3,503,670	19.8%
Expense	\$27,228,590	\$ 27,337,638	\$ (109,048)	-0.4%	\$ 26,956,000	\$ 272,590	1.0%
Farebox Ratio	77.7%	72.0%	5.7 PP		65.5%	12.2 PP	
OTP-Route	76.9%	79.1%	-2.2 PP		83.0%	-6.1 PP	
OTP-North	75.1%	84.7%	-9.6 PP				
OTP-South	75.8%	76.0%	-0.2 PP				

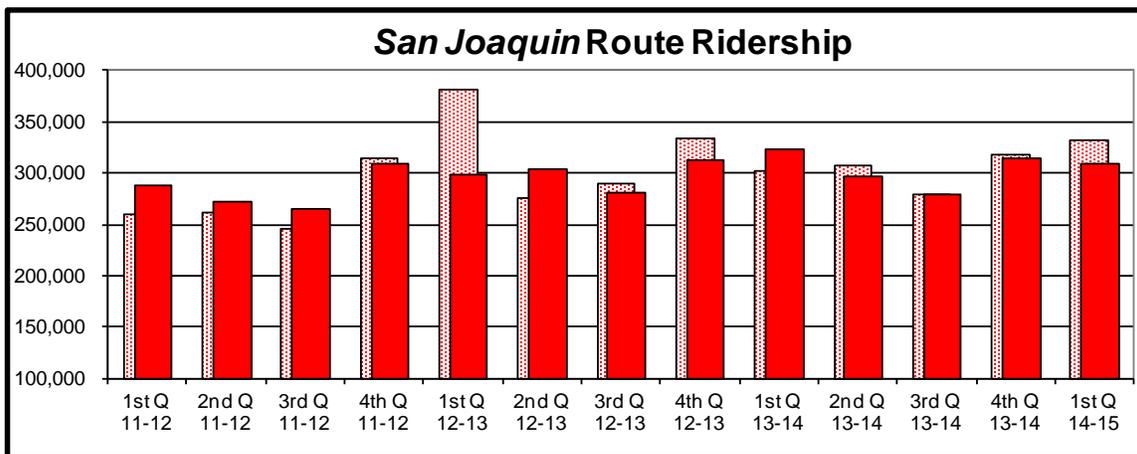
PP - Percentage Points

San Joaquin Route

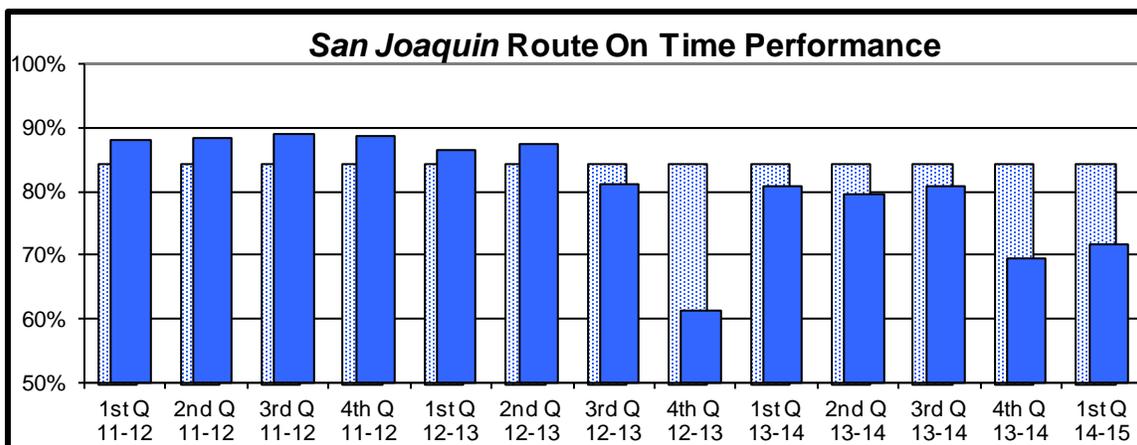
Six daily round-trips serve the *San Joaquin Route*, four operating between Oakland and Bakersfield and two between Sacramento and Bakersfield. All six round-trips have dedicated bus connections between Bakersfield, Los Angeles and other points throughout Southern California. On the north end, buses at Stockton connect Sacramento with Oakland trains and connect 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.

Ridership on the *San Joaquin Route* decreased by 4.5 percent for the quarter and was 7.0 percent below the performance goal.

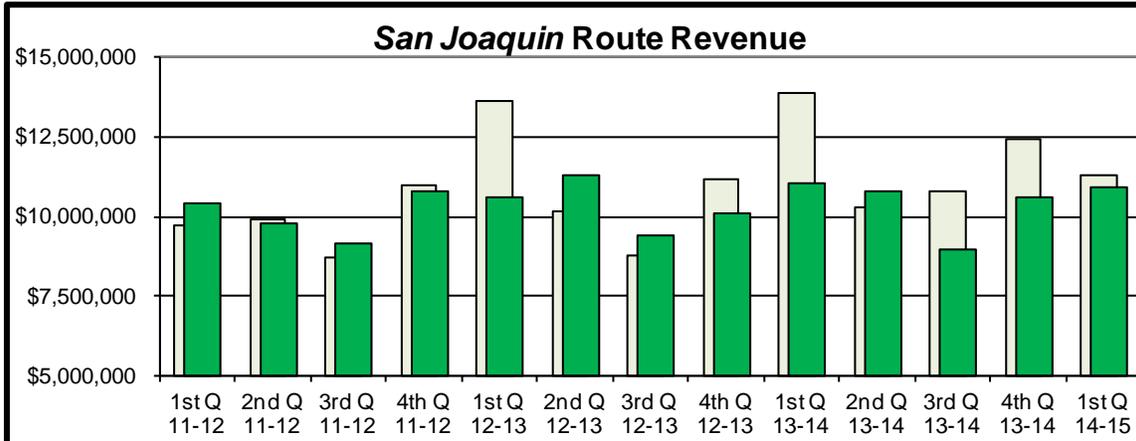
The *San Joaquin Route* consistently exceeds one million passengers on a 12-month basis. For the 12 months between October 2013 and September 2014, 1,198,228 passengers rode the route, an all time fiscal year record. This is a significant achievement, considering the economic environment in the region and the fact that the average trip length is the longest of all three State supported routes.



On-time performance (OTP) in the first quarter was 71.6 percent, a decrease of 9.2 percentage points from the same quarter in FY 2013-14, and is 12.4 percentage points below the performance goal of 84 percent.



The Farebox ratio was 53.1 percent in the first quarter FY 2014-15, down 8.5 percentage points from the same quarter last year and 1.7 percentage points above the performance goal. Revenues for the first quarter fell short of the goal by 3.6 percent, and were down 1.3 percent compared to the same quarter in the previous year. Expenses were 6.6 percent lower than the projected goal, but did increase 14.5 percent from the prior year.



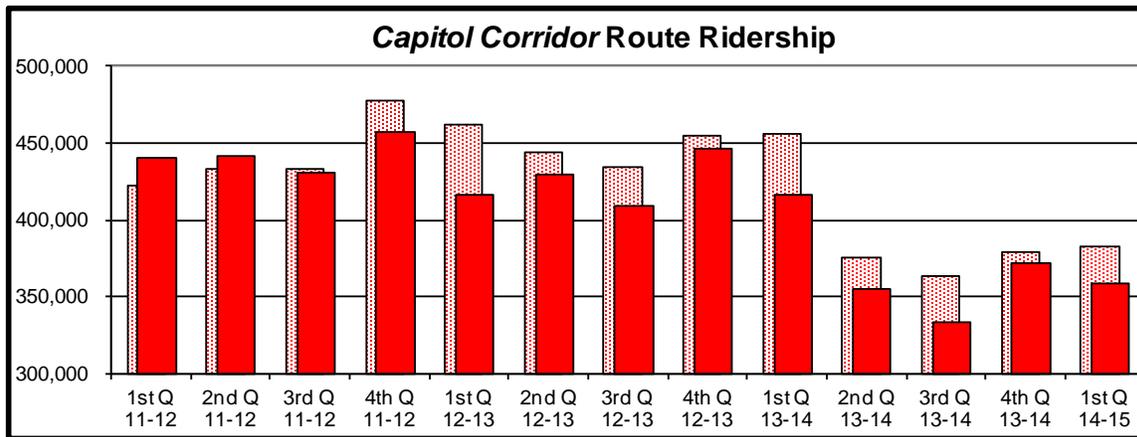
State-Supported Amtrak California Services - 1st Quarter 2014-15							
San Joaquin Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	1st Qtr 14-15	1st Qtr 13-14	Difference	Percent Change	1st Qtr 14-15	Actual to Goals	Percent Difference
Ridership	308,632	323,028	(14,396)	-4.5%	332,015	(23,383)	-7.0%
Revenue	\$10,902,093	\$11,043,775	\$ (141,682)	-1.3%	\$ 11,312,000	\$ (409,907)	-3.6%
Expense	\$20,534,675	\$17,936,151	\$ 2,598,524	14.5%	\$ 21,992,000	\$ (1,457,325)	-6.6%
Farebox Ratio	53.1%	61.6%	-8.5 PP		51.4%	1.7 PP	
On-Time Performance	71.6%	80.8%	-9.2 PP		84.0%	-12.4 PP	

PP - Percentage Points

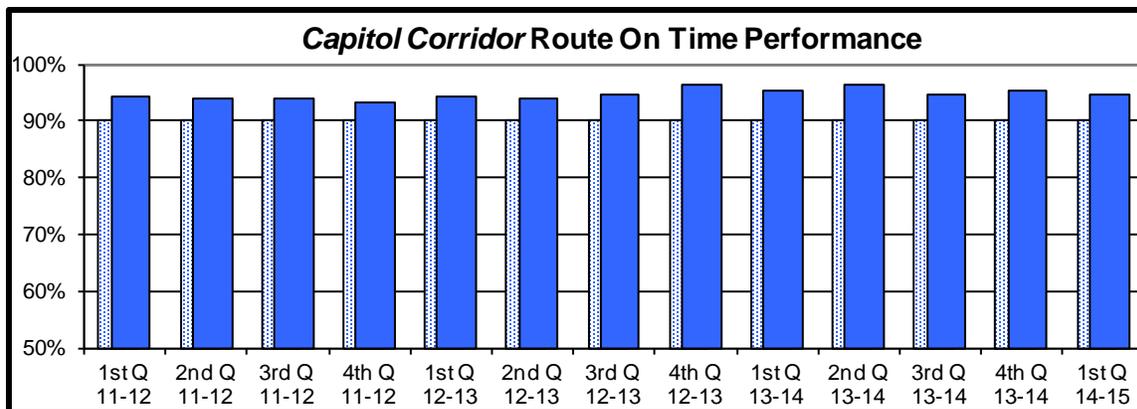
Capitol Corridor

There are currently 15 weekday round-trips between Oakland and Sacramento. One of the trains extends beyond Sacramento to Auburn, and seven of the trains extend beyond Oakland to San Jose. On weekends, there are 11 round-trips between Oakland and Sacramento, with one extension to Auburn and seven round trips to San Jose.

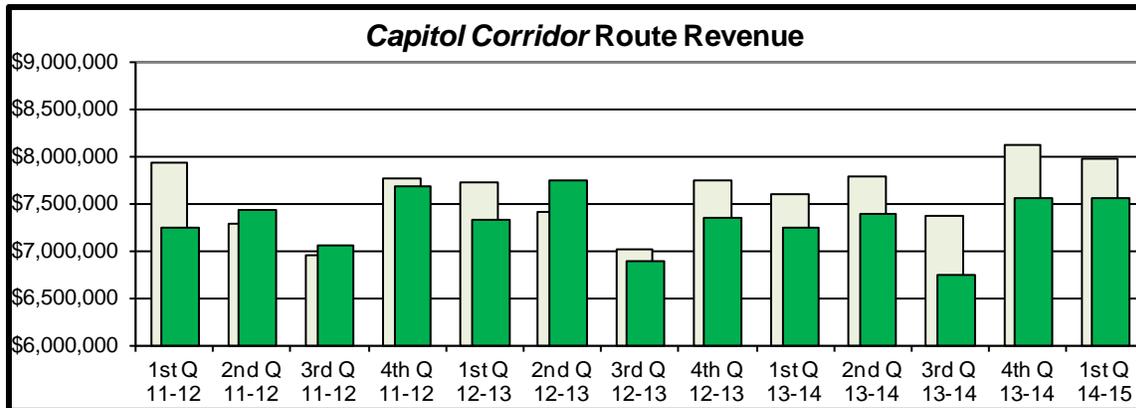
Ridership on the *Capitol Corridor* ridership decreased by 13.8 percent for the quarter and was 6.1 percent below the performance goal.



On-time performance (OTP) for the first quarter was 94.6 percent, and was 0.7 percentage points below the comparable quarter the previous year. OTP has exceeded the *Capitol Corridor* performance goal of 90 percent in 23 of the last 25 quarters, including the last 18. September 2014 marks 54 consecutive months of OTP exceeding the goal.



Farebox Ratio for the first quarter was 46.9 percent, 0.8 percentage points above the same quarter the previous year but was 0.2 percentage points below the performance goal. Revenue for the first quarter increased 4.3 percent compared to the same quarter in the previous year and fell short of the performance goal by 5.3 percent. Expenses increased 2.4 percent, but were 4.9 percent below the performance goal.



State-Supported Amtrak California Services - 1st Quarter 2014-15							
Capitol Corridor							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	1st Qtr 14-15	1st Qtr 13-14	Difference	Percent Change	1st Qtr 14-15	Actual to Goals	Percent Difference
Ridership	359,012	416,550	(57,538)	-13.8%	382,500	(23,488)	-6.1%
Revenue	\$ 7,543,982	\$ 7,231,344	\$ 312,638	4.3%	\$ 7,964,160	\$ (420,178)	-5.3%
Expense	\$ 16,080,957	\$ 15,703,059	\$ 377,898	2.4%	\$ 16,910,261	\$ (829,304)	-4.9%
Farebox Ratio	46.9%	46.1%	0.8 PP		47.1%	-0.2 PP	
On-Time Performance	94.6%	95.3%	-0.7 PP		90.0%	4.6 PP	

PP - Percentage Points