

Memorandum

To: CHAIR AND MEMBERS
CALIFORNIA TRANSPORTATION COMMISSION

Date: June 11, 2013

Reference No.: 3.7
Information Item

From: NORMA ORTEGA
Chief Financial Officer

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Rail

Subject: **FY 2012-13 THIRD QUARTER RAIL OPERATIONS REPORT**

SUMMARY:

This is the third quarter Rail Operations Report for Fiscal Year (FY) 2012-13, January through March 2013, as requested by the California Transportation Commission (Commission).

The report contains information for each route on ridership, on-time performance and financial results. These results are also compared to the same period for the prior year and to the performance goals. This data allows the performance of the routes to be easily compared.

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 fifth 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 *Capitol Corridor* is administered by a separate agency, the Capitol Corridor Joint Powers Authority (CCJPA), using funding provided by the Department.

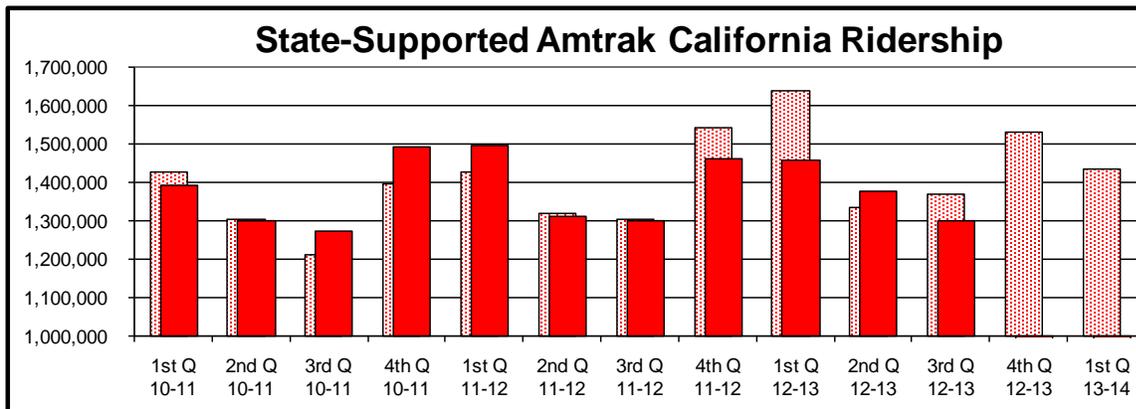
In accordance with the terms of the operating contract between Amtrak and the State, expenses from FY 2009-10 through FY 2012-13 have been calculated based on a predetermined fixed dollar amount (with the exception of fuel and host railroad expenses) rather than actual monthly expenses as recorded in Amtrak's accounting system. This form of contract limits the State's exposure to uncertainty. Expenses are calculated in the same manner in the contract between the CCJPA and Amtrak.

The route financial performance goals (revenues, expenses and farebox ratio) in this report are a projection based on the operating contract for each route. Beginning in FY 2011-12, the actual results that are reported in the quarterly report include: actual revenue, fixed price expenses, and three expenses that are billed as actual expenses. These are fuel cost, railroad performance payments and host railroad access fees. The farebox ratio shown is a ratio of the actual revenue to billed expenses, which include both fixed price and the three categories of actual expenses. This is not a traditional farebox ratio of actual revenues to actual expenses.

Third Quarter Results

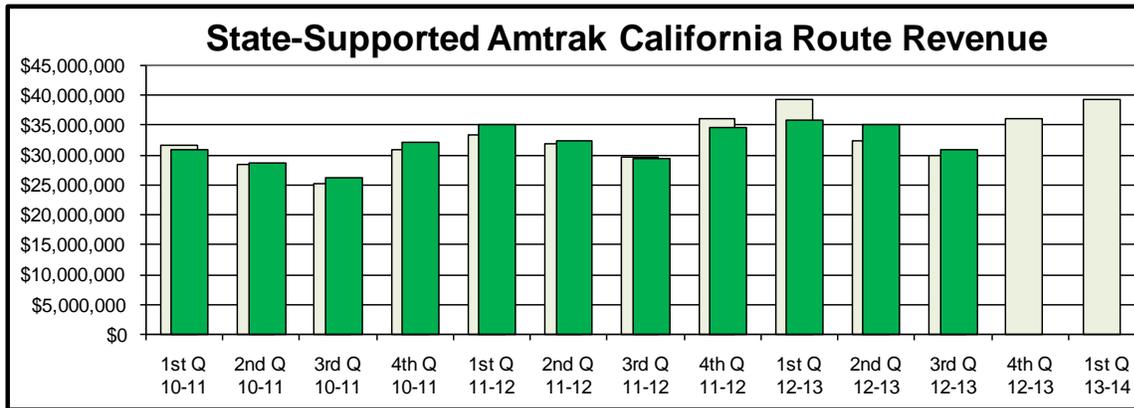
Third quarter results for the *San Joaquin Route* were notable, with ridership and revenues higher than the same quarter the previous year, and revenue records were set on the *Pacific Surfliner Route* for the quarter. The *San Joaquin Route* recorded monthly ridership records for each month of the quarter, continuing a string of 29 record-setting months that began in November 2010.

Total ridership during the third quarter (January-March 2013) on the three routes was virtually unchanged from the comparable quarter in FY 2011-12, with an additional 410 passengers this past quarter. Ridership fell short of the combined performance goal by 5.0 percent.



Combined on-time performance (OTP) for the third quarter was 88.5 percent, a 2.4 percentage point improvement over the same quarter in FY 2011-12, and 2.2 percentage points above the combined performance goal. OTP on the *Pacific Surfliner Route* and *Capitol Corridor* were an impressive 89.2 percent and 94.6 percent respectively. The *San Joaquin Route* had similar results in January and February, but was significantly impacted by a large BNSF Railway tie replacement project that began in March.

Overall revenue in the third quarter increased 4.4 percent. Revenue was 2.7 percent over the goal. Expenses increased 2.9 percent compared with the same quarter in the previous year, and were 2.1 percent under the performance goal. The result was that the combined farebox ratio improved 0.8 percentage points, and was 2.6 percentage points above the performance goal.



Note: Solid Bars reflect actual data; Shaded Bars reflect Business Plan Projection.

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 third quarter FY 2012-13.

State-Supported Amtrak California Services - 3rd Quarter 2012-13							
All Routes							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	3rd Qtr 12-13	3rd Qtr 11-12	Difference	Percent Change	3rd Qtr 11-12	Actual to Goals	Percent Difference
Ridership	1,300,645	1,300,235	410	0.0%	1,368,683	(68,038)	-5.0%
Revenue	\$ 30,825,604	\$ 29,526,388	\$ 1,299,216	4.4%	\$ 30,007,487	\$ 818,117	2.7%
Expense	\$ 56,469,443	\$ 54,869,256	\$ 1,600,187	2.9%	\$ 57,652,882	\$ (1,183,439)	-2.1%
Farebox Ratio	54.6%	53.8%	0.8 PP		52.0%	2.6 PP	
On-Time Performance	88.5%	86.1%	2.4 PP		86.3%	2.2 PP	

PP - Percentage Points

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

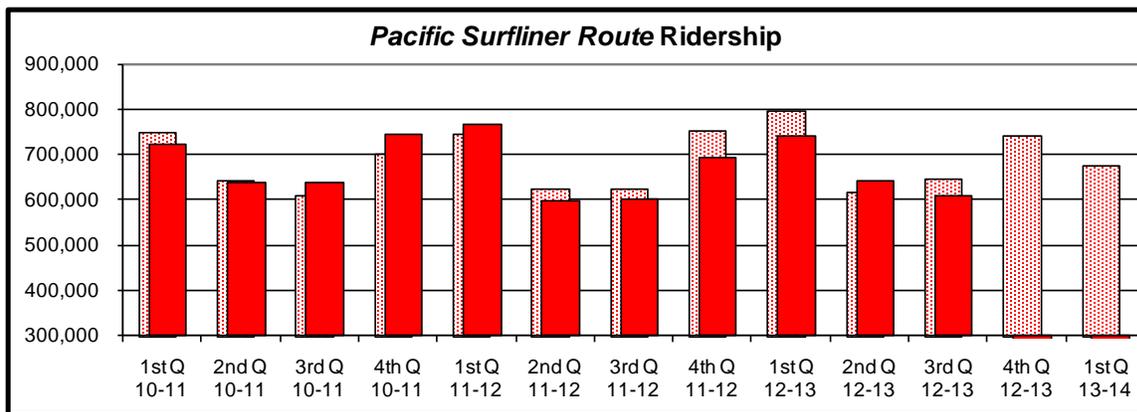
BACKGROUND:

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.

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

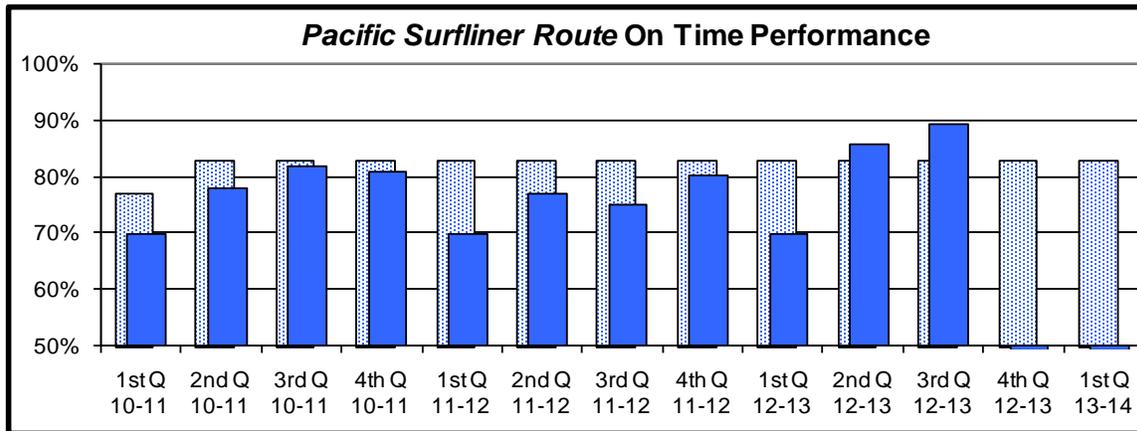
Ridership on the *Pacific Surfliner Route* increased 1.2 percent in the third quarter compared to the same quarter in the prior year, but was short of the performance goal by 5.1 percent.



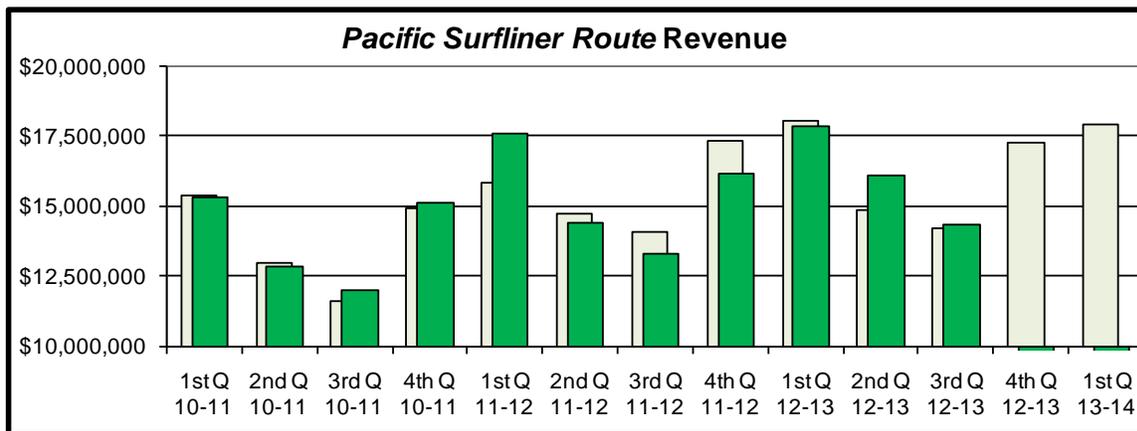
On-time performance (OTP) in the third quarter was 89.2 percent, 14.2 percentage points above the previous year’s third quarter and 6.2 percentage points above the 83 percent performance goal.

For the quarter, between Los Angeles and San Diego, OTP was 87.8 percent, an improvement of 1.8 percentage points from the second quarter of FY 2012-13, and 11.2 percentage points from the third quarter of last year. Between Los Angeles and San Luis Obispo, OTP was 87.6 percent, up from 2.0 percentage points from last quarter, and up 24.7 percentage points from one year ago.

This is a continuation of the dramatic improvement in on-time performance that was reported in the last quarterly report, both with the route as a whole and each part north and south of Los Angeles. This is the second consecutive quarter since 2009 that the route performance exceeded the performance goal of 83 percent on-time, and is the best result since 2004. OTP was significantly impacted by a major Burlington Northern Santa Fe Railway Company (BNSF) tie replacement project between Los Angeles and Fullerton during the summer and completed in August 2012. In addition, OTP for April 2013 is 86.1 percent.



Farebox ratio for the quarter was 56.3 percent, 2.6 percentage points above the farebox ratio over the same period last year. Revenue in the third quarter increased 7.9 percent compared to the same quarter in the previous year, and exceeded the performance goal by 1.1 percentage points. Expenses increased 3.0 percent over the prior year quarter, and was 3.5 percent below the performance goal.



State-Supported Amtrak California Services - 3rd Quarter 2012-13							
Pacific Surfliner Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	3rd Qtr 12-13	3rd Qtr 11-12	Difference	Percent Change	3rd Qtr 12-13	Actual to Goals	Percent Difference
Ridership	611,434	604,199	7,235	1.2%	644,388	(32,954)	-5.1%
Revenue	\$ 14,356,049	\$ 13,302,414	\$ 1,053,635	7.9%	\$ 14,198,946	\$ 157,103	1.1%
Expense	\$ 25,495,434	\$ 24,763,595	\$ 731,839	3.0%	\$ 26,427,713	\$ (932,279)	-3.5%
Farebox Ratio	56.3%	53.7%	2.6 PP		53.7%	2.6 PP	
OTP-Route	89.2%	75.0%	14.2 PP		83.0%	6.2 PP	
OTP-North	87.6%	62.9%	24.7 PP				
OTP-South	87.8%	76.6%	11.2 PP				

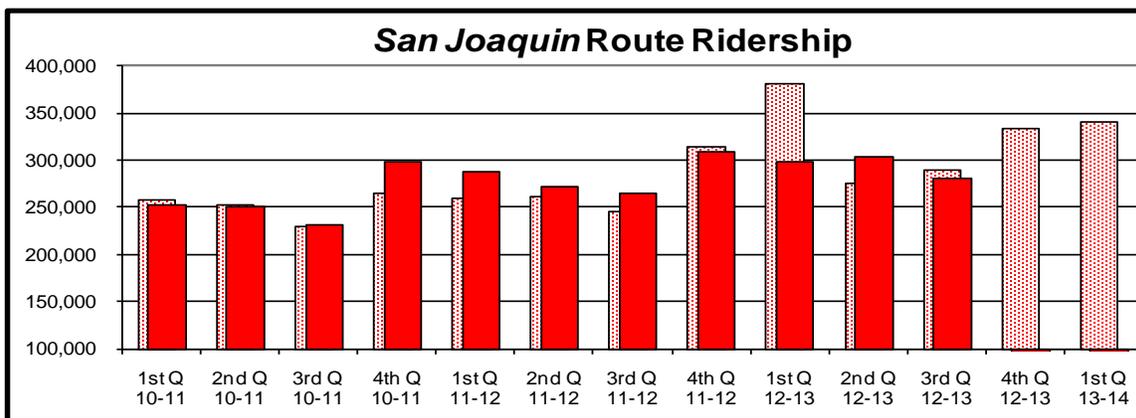
San Joaquin Route

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.

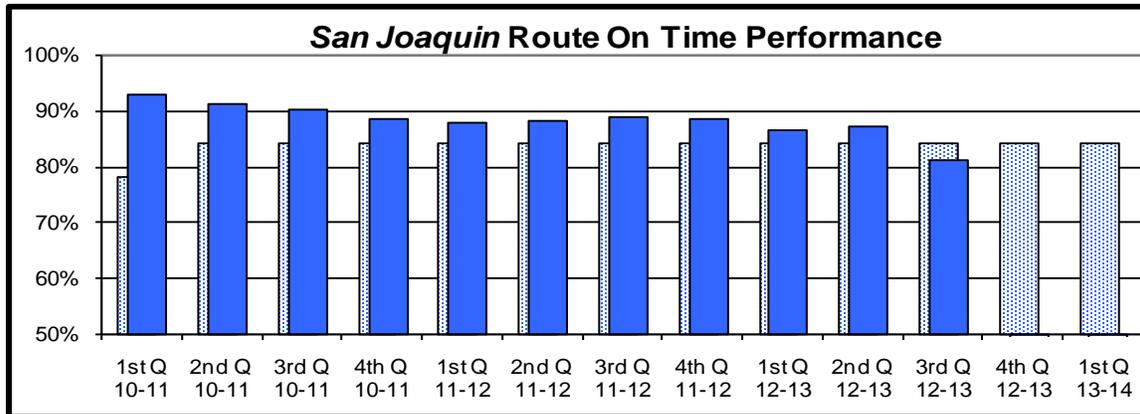
Tables at the end of this section provide data on ridership, revenue, expenses, farebox ratio, and on-time performance.

Ridership on the *San Joaquin Route* continued steady growth by climbing 5.8 percent for the quarter. This is the 14th consecutive quarter that ridership has increased over the same quarter in the prior year. Ridership in each month set all time highs for those months, and there have now been 29 consecutive months of record ridership on the route.

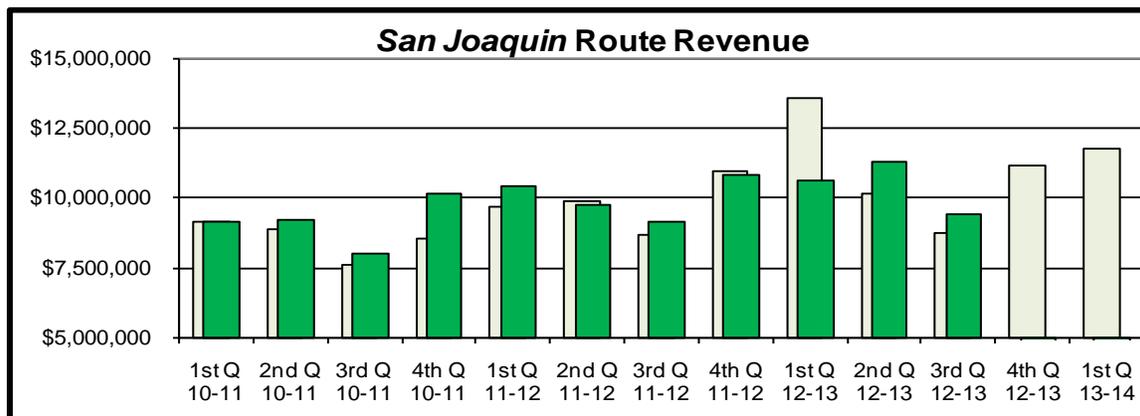
The *San Joaquin Route* is consistently exceeding one million passengers on a 12-month basis. In FY 2010-11, there were 1,032,579 passengers; in FY 2012-13, 1,177,111 passengers, and for the 12-month period April 2012-March 2013, 1,192,447 passenger rode the *San Joaquin Route*. This has been a significant 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 third quarter was 81.2 percent, down 7.8 percentage points from the same quarter in FY 2011-12, and is 2.8 percentage points below the performance goal of 84 percent. The BNSF Railway began an extensive tie replacement program of 40,000 crossties on the route, resulting in terminated trains with bus bridges, and delayed runs, beginning March 10, 2013. The impact of this project clearly shows in the monthly OTP, where the *San Joaquins* operated at 89.5 percent OTP in January, 92.0 percent in February, only to drop to 63.2 percent OTP in March when the project began. This is one of several projects that will extend through May 2013.



Farebox ratio was 52.1 percent in the third quarter FY 2012-13, a 0.3 percentage point improvement over the same quarter the prior year. Revenues for the third quarter increased 2.8 percent compared to the same quarter in the previous year, setting a record for third quarter revenues, and exceeded the goal by 7.3 percent. Expenses increased 2.2 percent from the prior year, and was 1.4 percent less than the projected goal.



State-Supported Amtrak California Services - 3rd Quarter 2012-13							
San Joaquin Route							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	3rd Qtr 12-13	3rd Qtr 11-12	Difference	Percent Change	3rd Qtr 12-13	Actual to Goals	Percent Difference
Ridership	280,574	265,238	15,336	5.8%	289,459	(8,885)	-3.1%
Revenue	\$ 9,431,076	\$ 9,172,810	\$ 258,266	2.8%	\$ 8,787,458	\$ 643,618	7.3%
Expense	\$ 18,115,280	\$ 17,731,324	\$ 383,956	2.2%	\$ 18,381,670	\$ (266,390)	-1.4%
Farebox Ratio	52.1%	51.7%	0.3 PP		47.8%	4.3 PP	
On-Time Performance	81.2%	89.0%	-7.8 PP		84.0%	-2.8 PP	

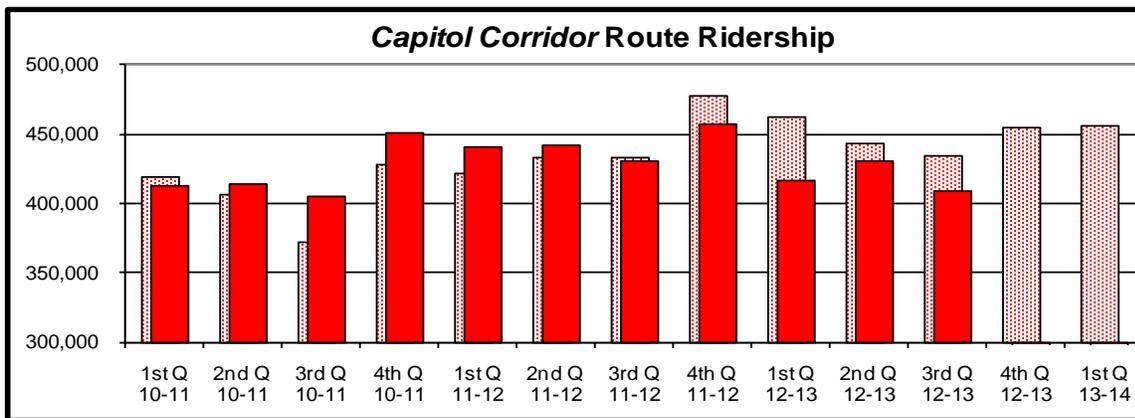
PP - Percentage Points

Capitol Corridor

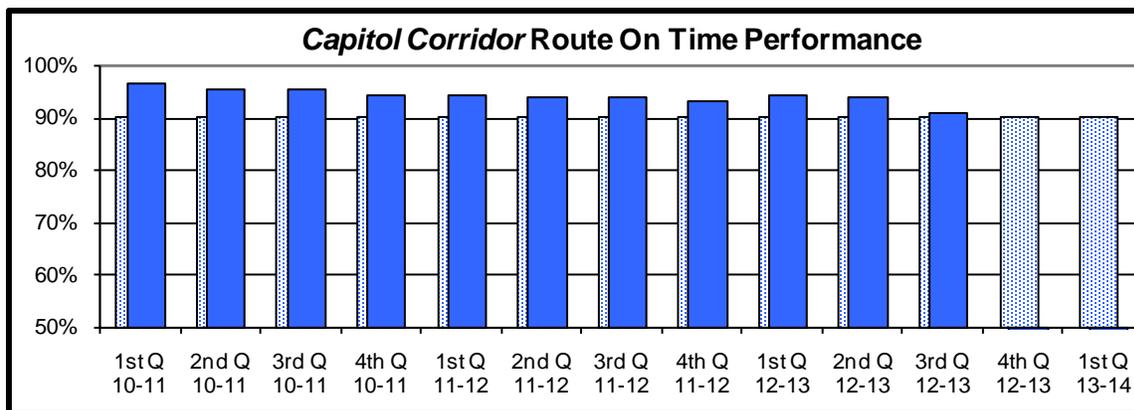
There are currently 15 weekday round trips between Oakland and Sacramento. One of the trains extends beyond Sacramento to Auburn, and seven of the trains extend beyond Oakland to San Jose. On weekends, there are 11 round-trips between Oakland and Sacramento, with one extension to Auburn and seven round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

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

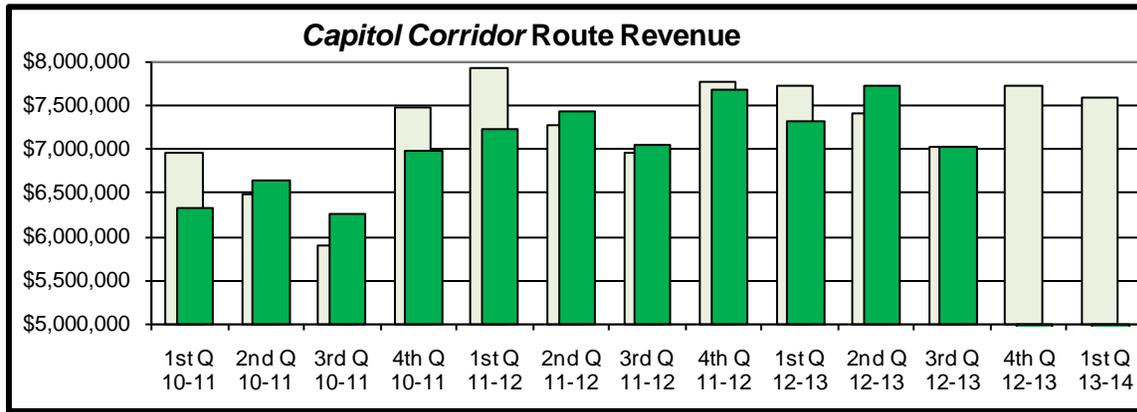
Ridership on the *Capitol Corridor* showed a decline of 5.1 percent over the same quarter the prior year, and was 6.0 percent below the performance goal for the quarter. For the period of January-March 2013, compared to the same period in 2012-13 monthly results, the *Capitol Corridor* has experienced ridership losses: on midday weekday trains (weekend trains continue to perform better than last year); and at five stations - Sacramento, Davis, Roseville, Fremont, and Richmond, with significant declines of 10% or more in ridership.



On-time performance (OTP) remains excellent and recorded a third quarter OTP of 94.6 percent, and was 0.8 percentage points above the comparable quarter the previous year. OTP has exceeded the *Capitol Corridor* performance goal of 90 percent in 17 of the last 19 quarters, including the last 12.



Farebox Ratio for the third quarter was 54.7 percent, 2.3 percentage points below the same quarter the previous year but was at the performance goal. Revenue for the third quarter declined 0.2 percent compared to the same quarter in the previous year. Expenses increased 3.9 percent, and were 0.1 percent more than the performance goal.



State-Supported Amtrak California Services - 3rd Quarter 2012-13							
Capitol Corridor							
	ACTUAL RESULTS				PERFORMANCE GOALS		
	3rd Qtr 12-13	3rd Qtr 11-12	Difference	Percent Change	3rd Qtr 12-13	Actual to Goals	Percent Difference
Ridership	408,637	430,798	(22,161)	-5.1%	434,836	(26,199)	-6.0%
Revenue	\$ 7,038,479	\$ 7,051,164	\$ (12,685)	-0.2%	\$ 7,021,083	\$ 17,396	0.2%
Expense	\$ 12,858,729	\$ 12,374,337	\$ 484,392	3.9%	\$ 12,843,499	\$ 15,230	0.1%
Farebox Ratio	54.7%	57.0%	-2.3 PP		54.7%	0.0 PP	
On-Time Performance	94.6%	93.8%	0.8 PP		90.0%	4.6 PP	

Progress Report on Implementation of State Rail Plan Goals

At its January 2008 meeting, the Commission provided advice and consent on the draft 2007-08 to 2017-18 California State Rail Plan (Rail Plan). The consent resolution states that the Department will report on a quarterly basis on its progress in meeting the goals in the Rail Plan that include two-year (through 2009-10), five-year (through 2012-13), seven-year (through 2014-15) and ten-year (through 2017-18) goals.

The Department has been reporting on the two-year goals since FY 2008-09. The initial period for the two-year goals was through Federal Fiscal Year (FFY) 2009-10. In FFY 2010-11, the goals were updated to reflect the five-year goals, which require any 2009-10 goal that had not yet been met to continue being reported. Additional five-year (through 2012-13) goals were also added. For FFY 2011-12, annual financial and performance goals were updated.

Following are tables for each route that show the goals for FFY 2012-13 (October 2012-September 2013) and the progress in meeting them.

Pacific Surfliner Route Objectives		FFY 2012-13 Goals	Progress
Improve On-Time Performance		83 percent	January-March 2013 OTP was 89.2 percent.
Construct a San Diego Layover Facility - Work With San Diego Association of Governments (SANDAG) to Identify Suitable Location; Develop Funding Partnership for Local, State and Federal Funds; and Develop a Schedule for Delivering the Facility		Identify suitable location and develop funding plan, funding partnership and delivery schedule Proceed with project consistent with funding plan and delivery schedule	A field review with stakeholders identified a new site near Old Town in San Diego. Potentially half the needed acreage is in the City's Redevelopment area, but is privately owned. Stakeholders need to determine if enough additional land can be acquired. Some pre-construction funding is available but no construction funding has yet been identified. Amtrak has provided a preliminary Project Study Report/cost estimate. A meeting between the city of San Diego and the Department took place in January 2011. Future meetings will include BNSF and HSR. It is difficult to proceed with this project due to lack of funding.
Streamline Operations and Improve Passenger Amenities	Implement Automated Ticket Validation (ATV) and Internet ticket purchase	Work with Amtrak, who plans to implement e-ticketing by early 2012.	Amtrak is launching a national e-ticketing program. E-Ticketing was launched in late April 2012 on the San Joaquin Route and Capitol Corridor. The system was expanded to cover the Pacific Surfliner Route in July 2012.
Improve Multimodal Connectivity	Implement comprehensive wireless network for on-board, safety and equipment operators	Begin installation of WiFi equipment to be completed end of 2011.	Milestone achieved. A statewide WiFi launch for all three routes occurred in November 2011. Passenger response to WiFi has been very positive.
	Cross-ticketing and coordinated Schedules With Metrolink and Coaster per LOSSAN integration	Continue to participate in LOSSAN integration	Department continues to participate in LOSSAN integration meetings and short-term and long-term operation analysis and implementation plans have been published. The first integrated schedule is now in place and has improved operations in the corridor.
Reduce Travel Times	Monitor integration of Express Service between Los Angeles and San Diego	Monitor success of service	The Express Service schedule departing San Diego at 7:00 a.m. began on February 15, 2011. The one-year trial period for the train ended on February 14, 2012. Effective April 1, 2013, the express service trial service was terminated and the train returned to regular operation.
	San Diego to Los Angeles	Under 2.5 Hours Over 10-Year Period Achieve 2.5 hour travel time by 2017-18	Goal to reduce travel time to 2.5 hours requires completion of multiple capital projects: The Los Angeles to Fullerton Triple Track Project is located on approximately 15 miles of BNSF right-of-way within the LOSSAN Corridor. Completion of the third main track will include new main track, siding upgrades and extensions, upgrade of the railroad infrastructure, signal system upgrades, including Positive Train Control, and various civil structure modifications. The project is divided into eight segments of track construction and six grade separations. Seven of the track segments have been funded (Segment 7 received a Federal award in August, 2011). Segments 1-6 are complete. Segment 7 construction began in April 2012. Segment 8 is fully funded. Two of the six grade separations are funded. Passions Grade Separation is under construction and contract has been awarded for the Valley View Grade Separation began construction in September 2012. Completion of the project will allow up to 34 Amtrak trains per day operating at 90 percent on-time performance. The San Onofre-Pulgas Double Track Project Phase 1 will construct 4.2 miles of double track and complete the environmental and design phases covering both phases. Final design has begun and environmental permitting is in progress. Final design has been completed, and construction planned to begin in fall 2013.
Increase Annual Ridership	Los Angeles to San Luis Obispo	Under 5.0 Hours Over 10-Year Period Achieve 5 hour travel time by 2017-18	In October 2010, FRA approved five PE/NEPA projects for this segment that will improve running times when constructed. All of the five projects now have completed grant agreements and work is underway to complete the first task which is a detailed work plan. Goal to reduce travel time to under 5 hours requires completion of multiple capital projects: Two siding extension projects that will improve running time are programmed in the STIP for 2012-13 in Santa Barbara and Ventura Counties. Union Pacific has completed preliminary modeling, which is being evaluated by AECOM to ensure consistency with other models in use. A corridor wide program level EIR/EIS for LOSSAN North is in progress and is necessary for the State to compete for Federal funds.
		2,691,000	In October 2010, FRA approved four PE/NEPA projects for this segment that will improve running times when constructed. All of the four projects now have completed grant agreements and work is underway to complete the first task which is a detailed work plan. Two Federal Railway Administration (FRA) grants will fund the completion of NEPA and PE for the Ortega and Seaciff sidings. The other two projects are Van Nuys and Raymar.
Increase Annual Revenues (dollars in millions)		\$45.9	January-March 2013 ridership was 611,434, short of the quarterly goal by 5.1 percent.
Increase Farebox Ratio		59.5 percent	January-March 2013 revenue was \$14.4 million, exceeding the quarterly goal by 1.1 percent.
Service Frequency (Total Weekday Trains)	Between San Diego and Los Angeles	11	January-March 2013 farebox ratio was 56.3 percent, and beat the quarterly goal of 53.7 percent.
	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.

San Joaquin Route Objectives	FFY 2012-13 Goals	Progress
Improve On-Time Performance	84 percent	January-March 2013 OTP was 81.2 percent, but that was attributable to a major tie replacement program on BNSF that began in
Implement comprehensive wireless network for on-board, safety and equipment operations	Begin installation Wi-Fi equipment to be completed end of 2011.	Milestone achieved. A statewide WiFi launch for all three routes occurred in November 2011. Passenger response to WiFi has been very positive.
Implement Automated Ticket Validation (ATV) and Internet ticket purchase	Work with Amtrak, who plans to implement e-ticketing by early 2012.	Amtrak is launching a national e-ticketing program. E-Ticketing was launched in late April 2012 on the San Joaquin Route and Capitol Corridor. The system was expanded to cover the Pacific Surfliner Route in July 2012.
Implement Positive Train Control (PTC)	BNSF completing project. To be completed by December 2012.	There are four Positive Train Control (PTC) projects; two are funded by Prop 1A and two are proceeding under a Letter of No Prejudice (LONP) that will allow the locals to pay for their own project, with later reimbursement. The BNSF is currently working on PTC on the San Joaquin Corridor and the Pacific Surfliner Corridor between Los Angeles and Fullerton. Installation on both projects expected to be completed by December 2012, and implemented July 2013.
Implement safety and security cameras on trains and at stations	Station and on-board cameras to be implemented by December 2011	Station cameras and all 22 on-board cab-car cameras installation have been installed. Vendor for locomotive cameras has been selected; cameras are being installed as part of the scheduled locomotive overhaul.
Improve Multimodal Connectivity	Increase connectivity consistent with results of coordination efforts	Department has improved the transit transfer program with new uniform transfer tickets and is expanding the number of transit providers in the program for both the San Joaquin and Pacific Surfliner corridors.
Reduce Travel Times	Under 6.0 Hours Over 10-Year Period	Projects to reduce travel time are progressing. Kings Park double track project to reduce travel times was placed into service on March 18, 2011.
	Under 5.0 Hours Over 10-Year Period	Kings Park double track project benefits Sacramento to Bakersfield service travel times. This project was completed and placed into service on March 18, 2011.
Increase Annual Ridership	1,201,000	January-March 2013 ridership was 280,574, a 5.8 percent increase over the prior year quarter but was short of the quarterly goal by 10.2 percent. This marked the 13th consecutive quarter of ridership growth on the route.
Increase Annual Revenues (dollars in millions)	\$44.0	January-March 2013 revenue was \$9.4 million, exceeding the quarterly goal by 7.3 percent.
Increase Farebox Ratio	57.6 percent	January-March 2013 farebox ratio was 52.1 percent, exceeding the quarterly farebox ratio goal of 47.8 percent.
Service Frequency (Total Trains)	4	This is the current frequency.
	2	This is the current frequency.

Capitol Corridor Route Objectives	FFY 2012-13 Goals	Progress
Improve On-Time Performance	Maintain 90 percent throughout the ten-year period	January-March 2013 OTP was 94.6 percent. Exceeded goal in last 12 quarters.
Enhance Customer Satisfaction	Implement comprehensive wireless network for on-board, safety and equipment operations	Milestone achieved. A statewide WiFi launch for all three routes occurred in November 2011. Passenger response to WiFi has been very positive.
	Implement Automated Ticket Validation System and eTicketing	Amtrak is launching a national e-ticketing program. E-Ticketing was launched in late April 2012 on the San Joaquin Route and Capitol Corridor. The system was expanded to cover the Pacific Surfliner Route in July 2012.
Implement safety and security cameras on trains and at stations	Station and on-board cameras to be implemented by December 2011	Station cameras and all 22 on-board cab-car cameras installation have been installed. Vendor for locomotive cameras has been selected; cameras are being installed as part of the scheduled locomotive overhaul.
Reduce Travel Times	Reduce by up to 12 percent over 10-Year Period	Travel time was not reduced in FFY 2010-11 year-to-date and no reductions are planned for the remainder of the FFY 2012-13.
Increase Annual Ridership	1,789,000	January-March 2013 ridership was 430,104, short of quarterly goal by 3.1 percent.
Increase Annual Revenues (dollars in millions)	\$31.5	January-March 2013 revenue was \$7.0 million, exceeding the quarterly goal by 0.2 percent.
Increase Farebox Ratio	52.0 percent	January-March 2013 farebox ratio was 54.7 percent.
Increase Service Frequency	Between Oakland and Sacramento	This is the current frequency.
	Between San Jose and Oakland	This is the current frequency.
	Between Sacramento and Roseville	This is the current frequency.
	Between Roseville and Auburn	This is the current frequency.