

MEMORANDUM

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: December 4-5, 2019

From: STEVEN KECK, Chief Financial Officer

Reference Number: 3.12, Information Item

Prepared By: Ronald E. Sheppard, Chief (Acting)
Division of Rail and Mass Transportation

Subject: **FISCAL YEAR 2018-19 FOURTH QUARTER INTERCITY PASSENGER RAIL OPERATIONS REPORT**

SUMMARY:

Attached is the California Department of Transportation's (Department) Intercity Passenger Rail Operations Report for the fourth quarter (April through June) of Fiscal Year 2018-19, for the three State-supported intercity passenger rail routes:

- Capitol Corridor, connecting San Jose, Oakland, and Sacramento-Auburn, managed by the Capitol Corridor Joint Powers Authority
- Pacific Surfliner, connecting San Diego, Los Angeles, Santa Barbara, and San Luis Obispo, managed by the Los Angeles–San Diego–San Luis Obispo Rail Corridor Agency
- San Joaquin, connecting Bakersfield, Oakland, and Sacramento, managed by the San Joaquin Joint Powers Authority

This report is an informational item at the California Transportation Commission's December 2019 meeting.

BACKGROUND:

In addition to owning the majority of equipment utilized on two of the three routes, the Department provides State funding for Amtrak operating costs for intercity passenger rail service and equipment capital costs for non-state-owned equipment, while providing planning to support expansion of service and oversight to ensure statewide integration and monitor performance.

This report compares ridership, on-time performance, and financial results reported for the 12 months ending June 30, 2019, to those reported for the 12 months ending June 30, 2018.

“Provide a safe, sustainable, integrated and efficient transportation system to enhance California’s economy and livability”

These routes were three of the five busiest state-supported intercity passenger rail routes in the nation for Federal Fiscal Year 2017-18.

Attachment



CALIFORNIA DEPARTMENT OF TRANSPORTATION

**FY 2018-19
Fourth Quarter Report
Intercity Passenger Rail
Operations Report**

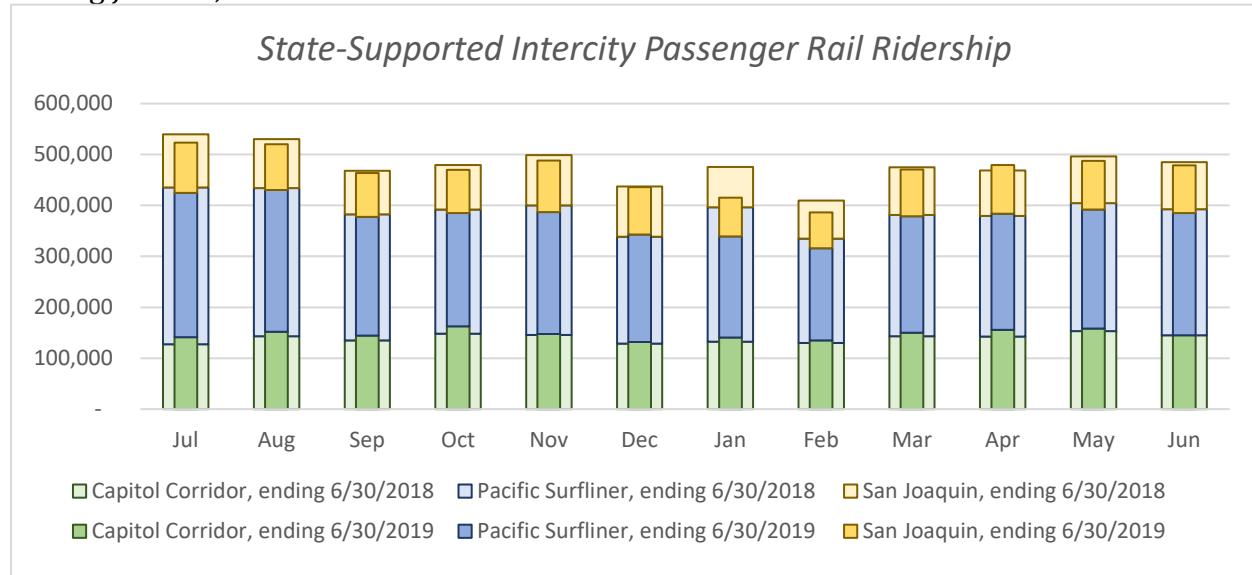
**Quarterly Report to the
California Transportation
Commission**



COMBINED STATEWIDE RESULTS

RIDERSHIP

Total combined ridership across the three routes for the 12 months ending June 30, 2019 was 5,619,031. This is a decrease of 2.5% from ridership of 5,762,937 for the 12 months ending June 30, 2018.



Taken together, the *Capitol Corridor*, *Pacific Surfliner*, and *San Joaquins* accounted for 38% of the total Amtrak state-supported passenger rail ridership in federal fiscal year 2017-18.

ON-TIME PERFORMANCE (OTP)

Combined endpoint on-time performance across the three routes for the 12 months ending June 30, 2019 was 78.2%. This is a decrease of 3.9 percentage points from on-time performance of 82.1% for 12 months ending June 30, 2018.

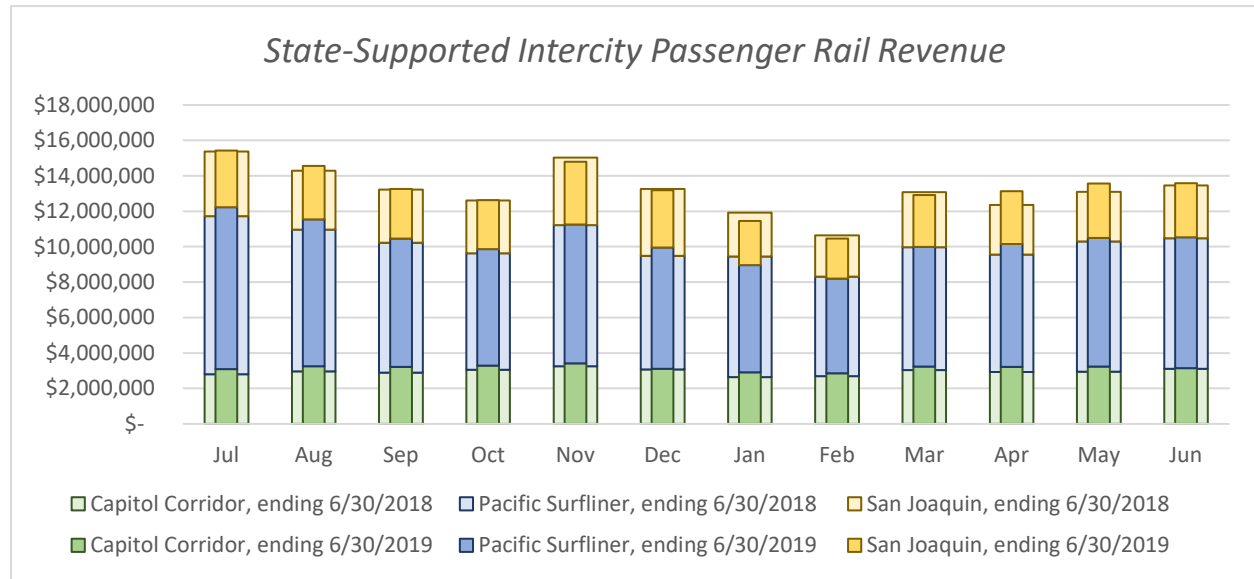
REVENUE and FAREBOX RATIO

Total combined revenue across the three routes for the 12 months ending June 30, 2019 was \$158,997,816. This is an increase of 0.4% over revenue of \$158,341,578 from the 12 months ending June 30, 2018.

Total expenses for the 12 months ending June 30, 2019 were \$265,517,966, an increase of 4.8% over expenses of \$253,342,693 reported in the 12 months ending June 30, 2018. The resulting farebox ratio for the 12 months ending June 30, 2019 was 61.3%, a decrease of 3.2 percentage points from farebox ratio of 64.5% for the 12 months ending June 30, 2018.

The Joint Powers Authorities (JPAs) responsible for managing the day-to-day operations of the three California Intercity Rail services are increasingly active with other state partners through SAIPRC to review all Amtrak cost centers as they relate to the adherence to the PRIIA 209 methodology. The San Joaquin Joint Powers Authority (SJJPA) has identified multiple areas of Amtrak's forecast methodology that has resulted in actual costs from operations (Thruway buses, maintenance of equipment, and fuel) being insufficiently budgeted due to Amtrak's own internal procedures and reliance only on historical data.

Amtrak expenses have been significantly higher than budget for the *Pacific Surfliner* and *San Joaquins* this fiscal year. Ridership and revenue have been under forecast, while fuel, car and locomotive turnaround, and Thruway bus service have all come in over budget. Revenue and ridership are closely linked in that increases or decreases in ridership will increase or decrease revenue proportionally. Furthermore, the combination of decreased revenue and increased expenses along the routes has caused an additional decline in farebox ratios.



SUMMARY

The following table provides further detail on combined ridership, revenue, expense, and farebox ratio for the three State-supported routes for the 12 months ending in the fourth quarter of both FY 2018-19 and FY 2017-18.

State-Supported Intercity Passenger Rail				
<i>All Routes</i>				
	12 Months Ending 6/30/2019	12 Months Ending 6/30/2018	Difference	Percent Change
Ridership	5,619,031	5,762,937	-143,906	-2.5%
Revenue	\$158,997,816	\$158,341,578	\$656,238	0.4%
Expenses	\$265,517,966	\$253,342,693	\$12,175,273	4.8%
Farebox	61.3%	64.5%	-3.2 PP	
On-Time Performance	78.2%	82.1%	-3.9 PP	
<i>PP - Percentage Points</i>				

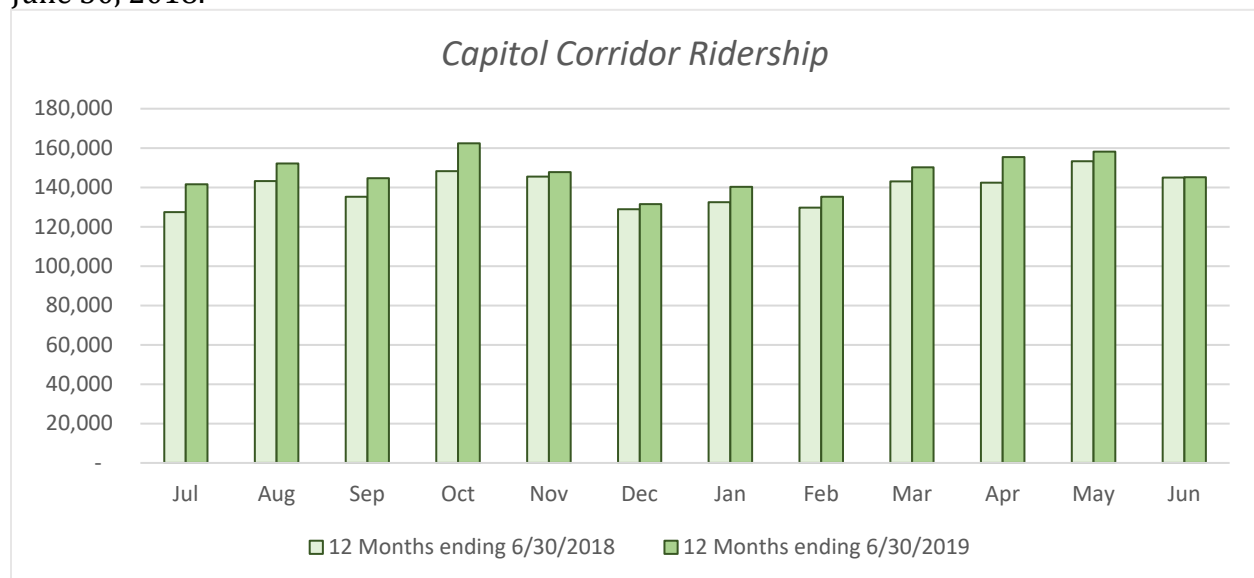
CAPITOL CORRIDOR ROUTE

There are 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. The *Capitol Corridor* has the second-highest ridership of all Amtrak state-supported passenger rail services.

Since 1998, day-to-day operations of the *Capitol Corridor* have been managed by the Capitol Corridor Joint Powers Authority (CCJPA) through an Interagency Transfer Agreement with the Department of Transportation.

RIDERSHIP

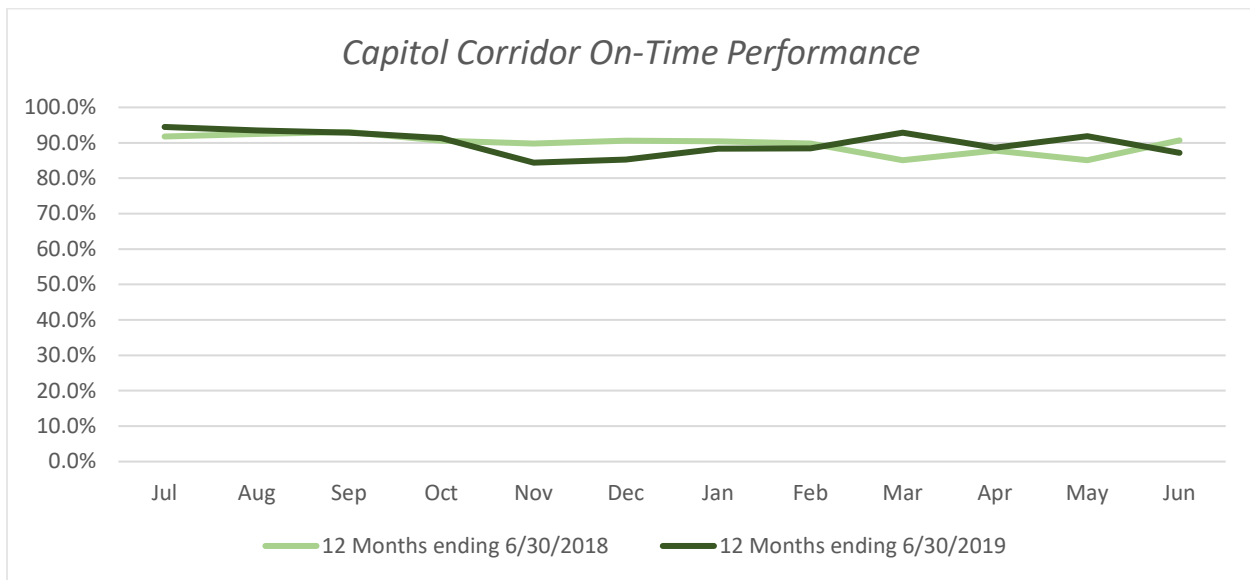
Total ridership on the *Capitol Corridor* for the 12 months ending June 30, 2019 was 1,764,793. This is an increase of 5.4% over ridership of 1,674,398 in the 12 months ending June 30, 2018.



ON-TIME PERFORMANCE (OTP)

Endpoint on-time performance for the *Capitol Corridor* for the 12 months ending June 30, 2019 was 90.0%. This is an increase of 0.2 percentage points over on-time performance of 89.8% in the 12 months ending June 30, 2018.

CCJPA has received State funding for FY 2019/20 to work with host railroads to reduce third-party trespasser-related delays and improve service reliability.

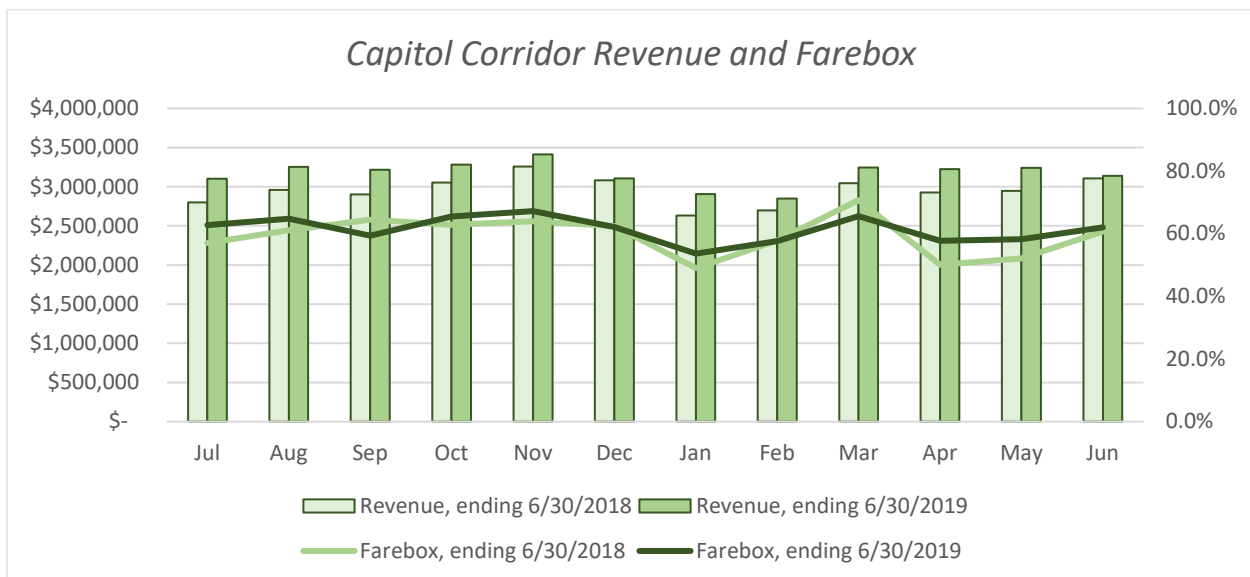


REVENUE and FAREBOX RATIO

Total revenue for the *Capitol Corridor* for the 12 months ending June 30, 2019 was \$37,968,825. This is an increase of 7.3% over revenue of \$35,395,608 in the 12 months ending June 30, 2018.

Total expenses for the 12 months ending June 30, 2019 were \$61,990,180, an increase of 3.2% over expenses of \$60,086,943 in the 12 months ending June 30, 2018. The resulting farebox ratio in the 12 months ending June 30, 2019 was 61.2%, an increase of 2.3 percentage points over farebox ratio of 58.9% in the 12 months ending June 30, 2018.

Amtrak costs and contracted services constitute 81.6% of the total operations expenses and fuel costs constitute 7.4% of the total operations expenses. For the previous period, Amtrak costs and services constituted 81.9% of the operations expense and fuel costs constituted 7.2% of the operations expense.



SUMMARY

The following table provides further detail on ridership, revenue, expense, farebox ratio, and on-time performance for the *Capitol Corridor* for the 12 months ending in the fourth quarter of both FY 2018-19 and FY 2017-18.

State-Supported Intercity Passenger Rail				
<i>Capitol Corridor</i>				
	12 Months Ending 6/30/2019	12 Months Ending 6/30/2018	Difference	Percent Change
Ridership	1,764,793	1,674,398	90,395	5.4%
Revenue	\$37,968,825	\$35,395,608	\$2,573,217	7.3%
Expenses	\$61,990,180	\$60,086,943	\$1,903,237	3.2%
Farebox	61.2%	58.9%	2.3 PP	
On-Time Performance	90.0%	89.8%	0.2 PP	
<i>PP - Percentage Points</i>				

PACIFIC SURFLINER ROUTE

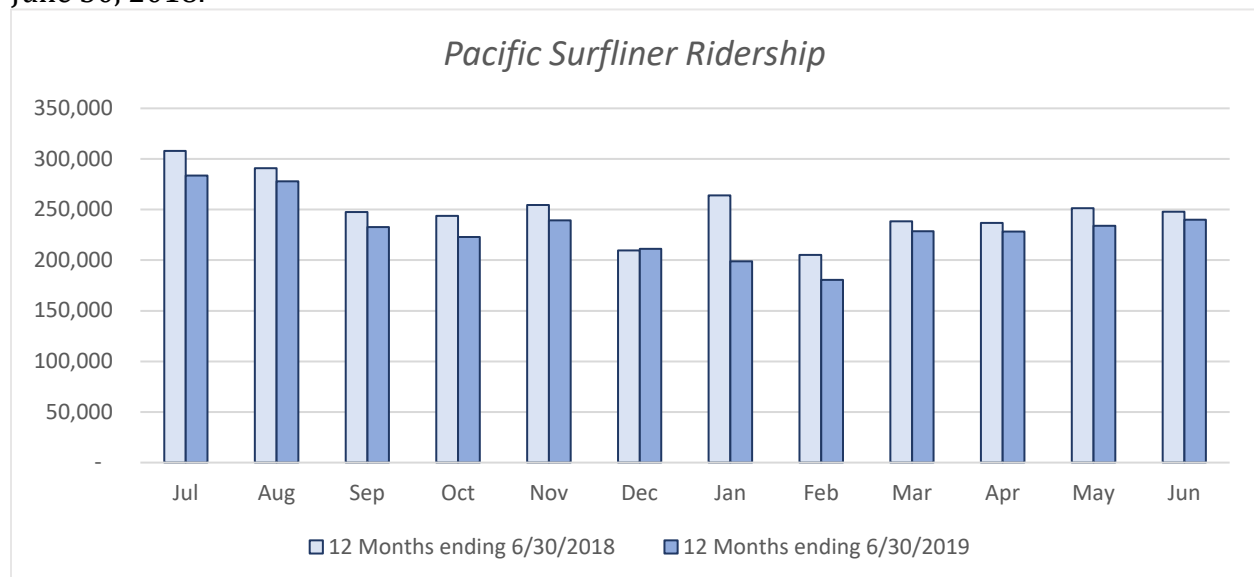
There are 12 daily *Pacific Surfliner* round-trips along the Los Angeles-San Diego-San Luis Obispo (LOSSAN) corridor between Los Angeles and San Diego, five of which are through-trains between San Diego and Goleta (Santa Barbara) and two of which continue north, allowing connectivity with San Luis Obispo. The *Pacific Surfliner* has the highest ridership of all Amtrak state-supported passenger rail services and accounts for approximately half of California Intercity Passenger Rail ridership. Consequently, the *Pacific Surfliner* ridership numbers have an outsize affect on overall system numbers.

The *Pacific Surfliner* introduced new service in April 2018 to provide peak-period morning commuter service to the north end of the LOSSAN corridor. The schedule and operational adjustments required for the introduction of that new service significantly impacted commuter patterns on the south end of the corridor. The introduction of an additional roundtrip between San Diego and Los Angeles in October 2019 is helping to recover some of that lost ridership.

Since 2015, day-to-day operations of the *Pacific Surfliner* have been managed by the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency (LOSSAN Agency) through an Interagency Transfer Agreement with the Department of Transportation.

RIDERSHIP

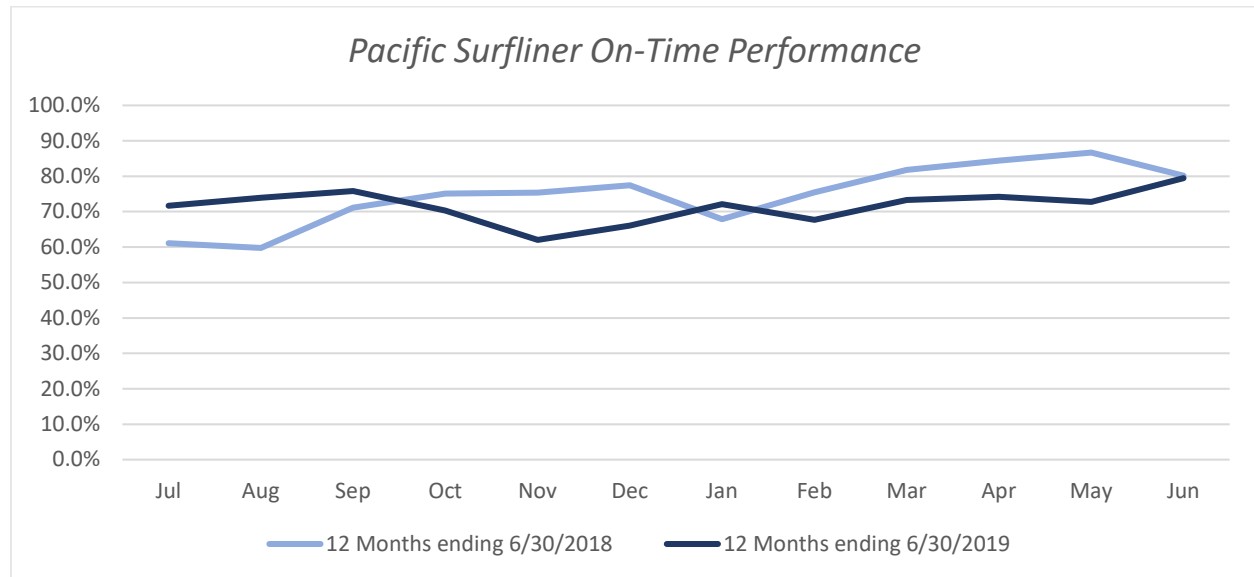
Total ridership on the *Pacific Surfliner* for the 12 months ending June 30, 2019 was 2,777,465. This is a decrease of 7.4% from ridership of 2,998,296 in the 12 months ending June 30, 2018.



ON-TIME PERFORMANCE (OTP)

Endpoint on-time performance for the *Pacific Surfliner* for the 12 months ending June 30, 2019 was 71.5%. This is a decrease of 3.2 percentage points from on-time performance of 74.7% in the 12 months ending June 30, 2018.

On-time performance for Pacific Surfliner was at its lowest at the end of FY 2016/17 but has been steadily improving over its 5-year average.

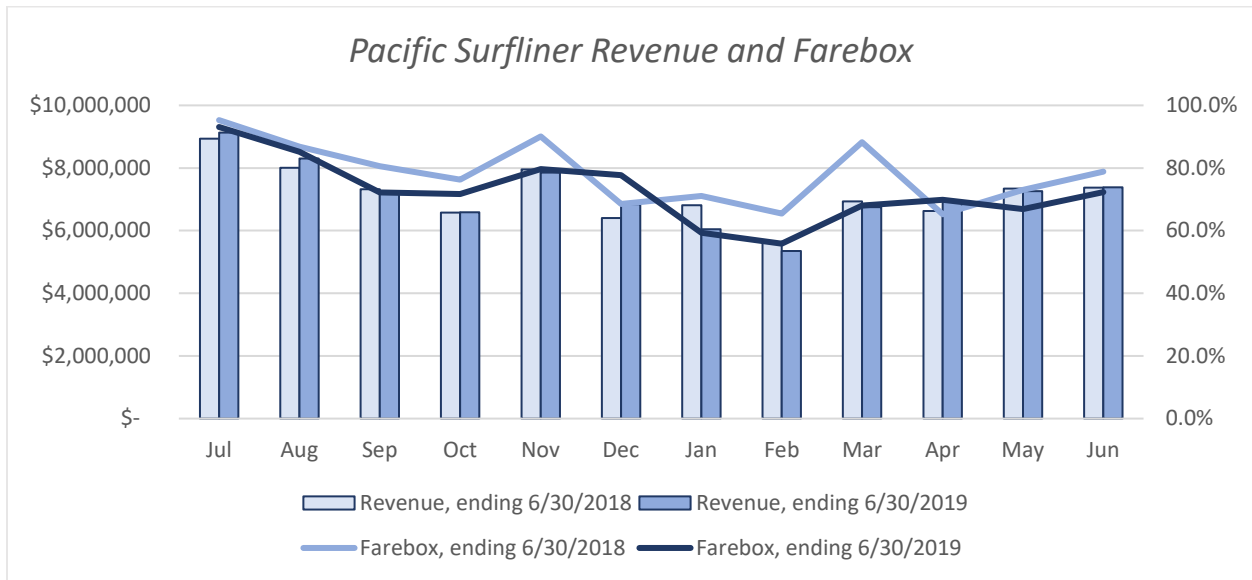


REVENUE and FAREBOX RATIO

Total revenue for the *Pacific Surfliner* for the 12 months ending June 30, 2019 was \$85,690,569. This is a decrease of 0.3% from revenue of \$85,909,320 in the 12 months ending June 30, 2018. The LOSSAN Agency introduced a revised fare structure in March 2018. This combined with double digit growth in food and beverage sales has helped to keep revenue static despite ridership losses.

Total expenses for the 12 months ending June 30, 2019 were \$118,114,020, an increase of 7.3% over expenses of \$110,077,158 in the 12 months ending June 30, 2018. The resulting farebox ratio in the 12 months ending June 30, 2019 was 72.5%, a decrease of 5.5 percentage points from the farebox ratio of 78.0% in the 12 months ending June 30, 2018.

Amtrak costs and contracted services constitute 82.7% of the total operations expenses and fuel costs constitute 9.0% of the total operations expenses. For the previous period, Amtrak costs and services constituted 82.0% of the operations expense and fuel costs constituted 9.4% of the operations expense.



SUMMARY

The following table provides further detail on ridership, revenue, expense, farebox ratio, and on-time performance for the *Pacific Surfliner* for the 12 months ending in the fourth quarter of both FY 2018-19 and FY 2017-18.

State-Supported Intercity Passenger Rail				
<i>Pacific Surfliner</i>				
	12 Months Ending 6/30/2019	12 Months Ending 6/30/2018	Difference	Percent Change
Ridership	2,777,465	2,998,296	-220,831	-7.4%
Revenue	\$85,690,569	\$85,909,320	-\$218,752	-0.3%
Expenses	\$118,114,020	\$110,077,158	\$8,036,861	7.3%
Farebox	72.5%	78.0%	-5.5 PP	
On-Time Performance	71.5%	74.7%	-3.2 PP	

PP - Percentage Points

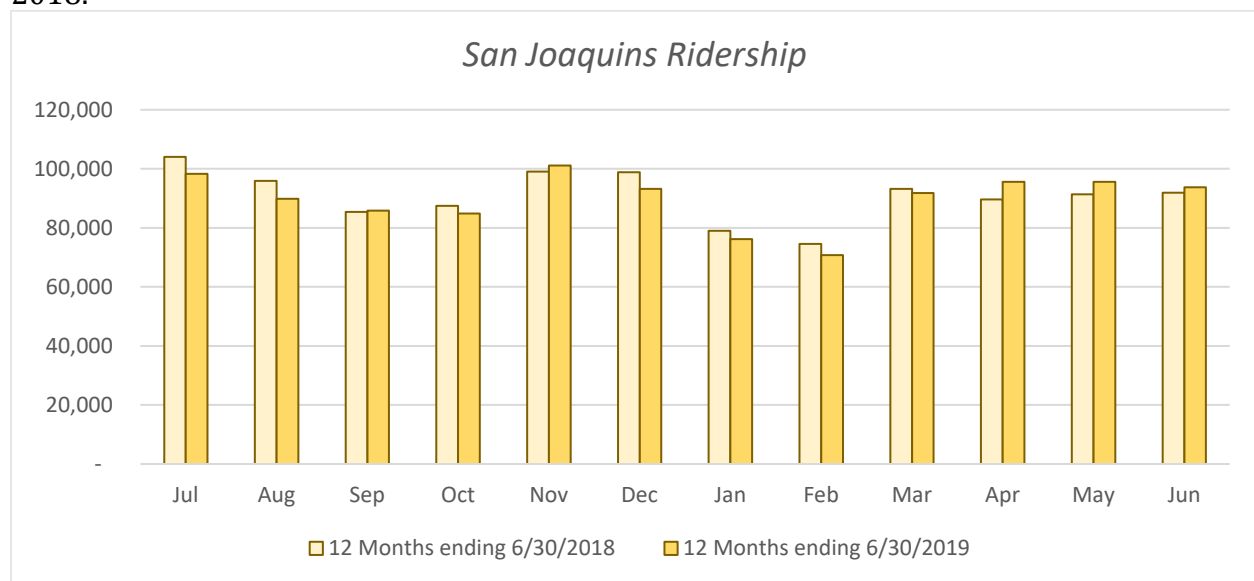
SAN JOAQUIN ROUTE

Seven daily round-trips serve the *San Joaquins* along the San Joaquin Corridor, five operating between Oakland and Bakersfield and two between Sacramento and Bakersfield. All seven 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 seven daily arrivals and departures for both northern terminals. Additional connecting buses provide feeder service to communities throughout the north end of the State. The *San Joaquins* has the fifth-highest ridership of all Amtrak state-supported passenger rail services.

Since 2015, day-to-day operations of the *San Joaquins* have been managed by the San Joaquin Joint Powers Authority (SJJPA) through an Interagency Transfer Agreement with the Department of Transportation.

RIDERSHIP

Total ridership on the *San Joaquins* for the 12 months ending June 30, 2019 was 1,076,773. This is a decrease of 1.2% from ridership of 1,090,243 in the 12 months ending June 30, 2018.

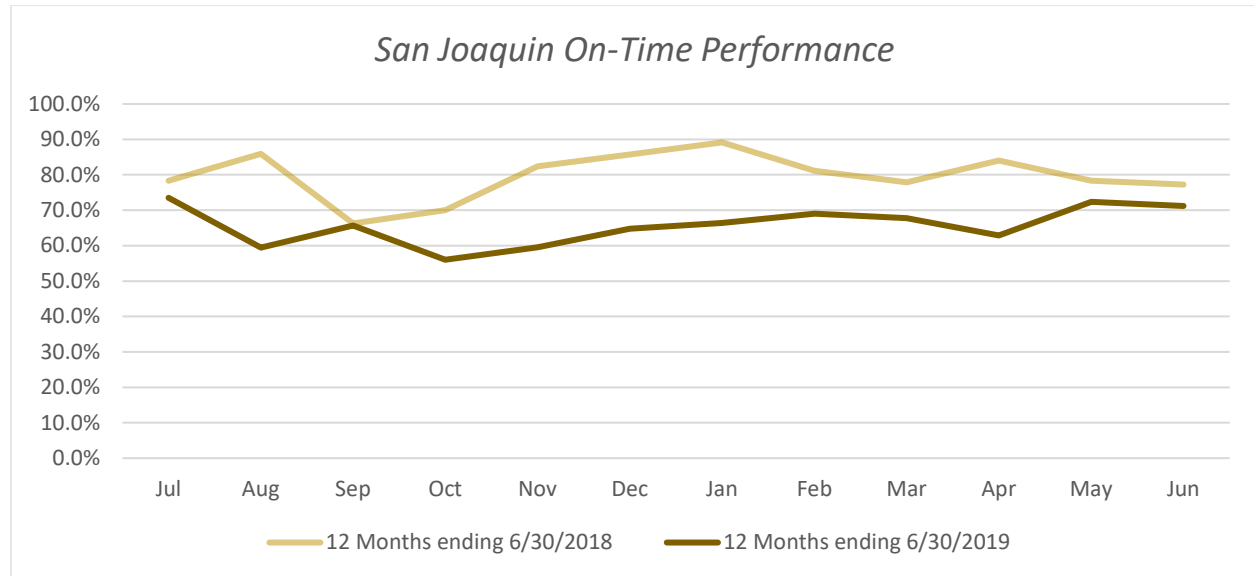


ON-TIME PERFORMANCE (OTP)

Endpoint on-time performance for the *San Joaquins* for the 12 months ending June 30, 2019 was 65.7%. This is a decrease of 14.0 percentage points from on-time performance of 79.7% in the 12 months ending June 30, 2018.

The San Joaquins OTP decline can be attributed to several factors including but not limited to: operational inefficiencies in the May 2018 schedule, increased freight movements, and PTC implementation. SJJPA, along with Caltrans, Amtrak, BNSF, and expert consultants, have been working diligently to diagnose OTP related issues and implement strategies to improve OTP.

The San Joaquins implemented a new schedule based out of this effort in May 2019 and instituted regular, focused meetings with BNSF to follow-up on OTP issues in the corridor. Based on this effort, OTP has improved slightly with expected incremental improvement as the new schedule becomes familiar to the dispatchers and the continuous improvement meetings produce actions to fine tune the schedule and its operation in the field.



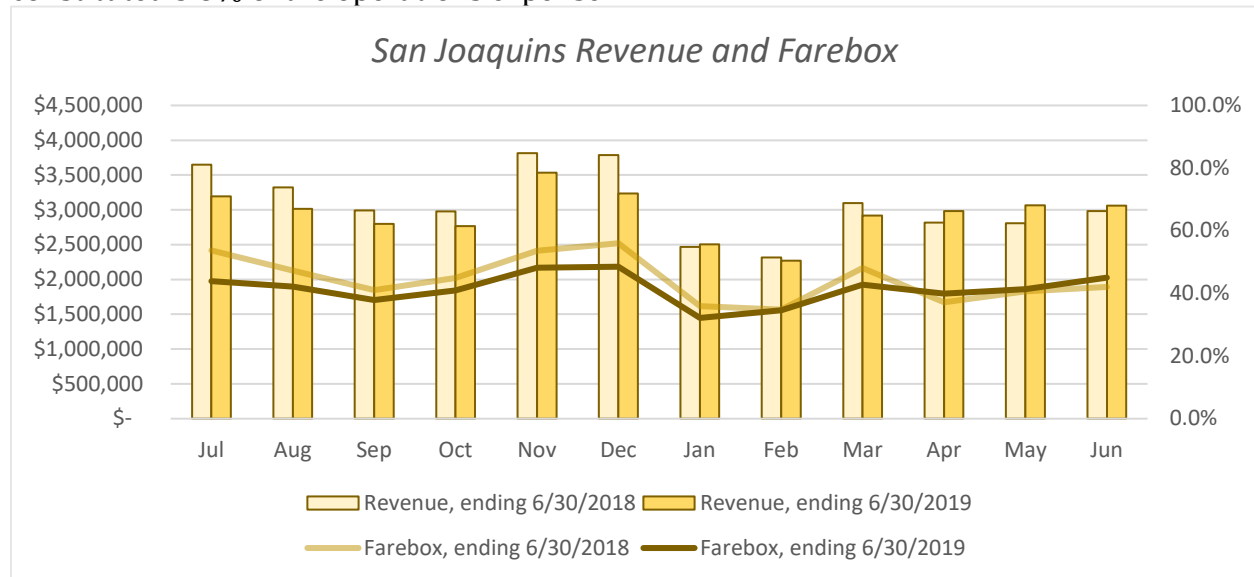
REVENUE and FAREBOX RATIO

Total revenue on the *San Joaquins* for the 12 months ending June 30, 2019 was \$35,338,422. This is a decrease of 4.6% from revenue of \$37,036,649 in the 12 months ending June 30, 2018.

Total expenses for the 12 months ending June 30, 2019 were \$85,413,766, an increase of 2.7% over expenses of \$83,178,592 in the 12 months ending June 30, 2018. The resulting farebox ratio in the 12 months ending June 30, 2019 was 41.4%, a decrease of 3.2 percentage points from the farebox ratio of 44.5% in the 12 months ending June 30, 2018.

The current fare structure for the *San Joaquins* relies on a train-city pair analysis last completed over ten years ago. SJJPA implemented a new fare structure to increase revenue. This new fare structure is being phased in to reduce effects on ridership and is showing positive revenue performance in April, May, and June.

Amtrak costs and contracted services constitute 84.5% of the total operations expenses and fuel costs constitute 6.4% of the total operations expenses. For the previous period, Amtrak costs and services constituted 83.0% of the operations expense and fuel costs constituted 5.8% of the operations expense.



SUMMARY

The *San Joaquins* Morning Express Service and increased Amtrak costs decreased farebox recovery. In May, the service switched to a “pulsed” schedule with two-hour headways and SJJPA will be undertaking a detailed two-year analysis of the new pulsed schedule. Ridership and revenue are expected to return to 2017 levels with the pulsed schedule. The new schedule re-establishes priority connections to and from Los Angeles, which has historically been a strong driver of ridership and revenue. The new schedule is focused on improving the declining OTP performance of the *San Joaquins* which negatively affects passenger experience and retention.

The following table provides further detail on ridership, revenue, expense, farebox ratio, and on-time performance for the *San Joaquins* for the 12 months ending in the fourth quarter of both FY 2018-19 and FY 2017-18.

State-Supported Intercity Passenger Rail				
<i>San Joaquins</i>				
	12 Months Ending 6/30/2019	12 Months Ending 6/30/2018	Difference	Percent Change
Ridership	1,076,773	1,090,243	-13,470	-1.2%
Revenue	\$35,338,422	\$37,036,649	-\$1,698,227	-4.6%
Expenses	\$85,413,766	\$83,178,592	\$2,235,175	2.7%
Farebox	41.4%	44.5%	-3.2 PP	
On-Time Performance	65.7%	79.7%	-14.0 PP	
<i>PP - Percentage Points</i>				