



**Date:** April 24, 2012  
**From:** David B. Kutrosky  
**To:** CCJPA Board  
**Subject:** Managing Director’s Report – April 2012

**Overview**

Rising gas prices resulted in increased ridership levels for the Capitol Corridor in March 2012. High service reliability and free Wi-Fi on all trains are helping to sustain this ridership and revenue growth. In March, 152,514 travelers rode the Capitol Corridor trains, shattering the previous record for March performance. Ridership in March 2012 increased by 3%, and revenues went up 13%, compared to March 2011.

In terms of on-time performance (OTP), our service reliability dipped slightly to 93% due to several factors including the bridge replacement project near Berkeley, a few delays from bridge lifts over the Carquinez Strait that exceeded 20 minutes each, and two tragic trespasser incidents. Despite the 93 % OTP in March, the Capitol Corridor remains in the number one spot for year-to-date OTP [94%] for intercity passenger rail services (tied with the once-a-day Pennsylvanian). Recently, Capitol Corridor staff met with Union Pacific Railroad and Amtrak and gained their commitment to reduce delays (transportation and mechanical, respectively) and raise OTP levels up to 95% or better.

Standard	Mar. 2012	vs. Mar. 2011	YTD	vs. Prior YTD	vs. FY12 Plan
Ridership	152,514	2.9%	872,588	6.7%	0.7%
Revenue	\$2,513,533	13.5%	\$ 14,467,602	11.2%	1.6%
Operating Ratio	59%	56%	51%	49%	50%
OTP	93%	94%	94%	95%	90%
Notes: March 2012 continued the streak of ridership and revenue records with exceptional mid-week ridership growth. Customer satisfaction rankings were an all-time high from biannual onboard surveys conducted in January 2012. Fuel costs remain the biggest budget concern.					

**Funding Outlook – State and Federal**

**Fiscal Year 12-13 State Budget**

The current draft of the Governor’s FY 12-13 budget includes a total of \$104 million to support the operation of the three State-supported Intercity Passenger Rail (IPR) corridors (Capitol Corridor, San Joaquin, Pacific Surfliner). This draft represents an increase of \$13.5 million for the proposed phased implementation of Section 209 Amtrak pricing increases associated with the transition of increased State operating support for the Pacific Surfliner. Full transfer of Pacific Surfliner operating costs to the State/Caltrans Rail will start next year in FY2014 (which is currently supported by Amtrak at 30% of these annual operating costs). Both San Joaquin and Capitol Corridor currently support 100% of the operating costs. The unveiling of the “May Revise” of the FY 12-13 budget will determine if transition funding for the Section 209 Amtrak pricing will be in next year’s operating contracts with Amtrak. Notwithstanding the transition on the Section 209 Amtrak pricing policy, it appears, at a minimum, that the state operating funds for the three IPR services will remain at or near the current funding level, which should support the service plan (30 weekday trains, 22 weekend trains) in the CCJPA’s FY12-13 – FY 13-14 *Business Plan Update*.

One considerable concern of the CCJPA in the Governor’s Draft FY12-13 Budget is the sizeable staffing reductions at the Caltrans Division of Rail. These cuts would reduce the Caltrans Rail staff persons who administer corridor and statewide marketing programs, the development of the integrated State Rail Plan, and the management and budget controls of the operating contracts. While the staff

reductions will not directly affect the CCJPA, staff is concerned about the impact of these staff reductions on the many joint programs and budgets that are in effect between the Capitol Corridor and Pacific Surfliner/San Joaquin services. Staff will continue to support the Caltrans Rail team and advocate for continued funding for staffing.

#### FY2013 Amtrak and Intercity Passenger Rail Update

With its FY2012 budget secured, deliberations on the Amtrak FY2013 budget have begun, which include funds for intercity passenger rail capital grants. On April 20, the full Senate Appropriations Committee passed S. 2322 - FY2013 THUD appropriation. A total of \$1.75 billion is proposed for intercity passenger rail with \$1.05 billion for Amtrak capital and debt, \$20 million for the Amtrak Gateway Northeast project and \$0.4 billion for Amtrak operating. (The Administration had proposed \$2.70 billion for passenger trains in their FY 2013 budget request, and Amtrak's full FY 2013 request totals \$2.17 billion.) In addition, \$100 million is proposed for a "High Performance Passenger Rail Grant" program (administered by FRA) to support existing high-performance passenger rail service with \$20 million set aside for multistate planning efforts. The TIGER program is proposed to receive \$500 million (the same as FY2012) with \$120 million is set aside for rural communities.

The House Appropriations Committee will take up their THUD appropriations in mid-May.

On March 30, 2012, President Obama nominated Yvonne B. Burke as Director on the Amtrak Board of Directors. Ms. Burke currently lives in the Los Angeles area and serves on the California Transportation Commission. Previously Ms. Burke served on the Los Angeles County Board of Supervisors, was a State Assemblymember and elected to the US House of Representatives. After much advocacy from many transportation officials in the state, it is welcome news to see that the process has begun to have a California citizen on the Amtrak Board.

#### Surface Transportation Reauthorization

There has been little progress in the House since the Senate's passage of its 2-year Surface Transportation Program (S. 1812). Most recently, Congress passed a 90-day extension of the current SAFETEA-LU Reauthorization (the 10<sup>th</sup> such extension) which now expires in June 2012. The House's version of the reauthorization (HR 7) differs significantly with S. 1812 so the ability to conference these two bills is uncertain at the moment.

#### **Customer Service Program Upgrades**

Keeping a keen focus on maintaining and improving customer satisfaction scores, the CCJPA has been working with Amtrak on implementing the following initiatives:

- **Bike Access Program:** Staff has received several comments from current Capitol Corridor passengers who use their bikes to access the trains. Based on these comments and the prior work of the Capitol Corridor Bike Advisory Group, it was decided to (1) have the CCJPA Board adopt a broad set of principles to guide the development of the program, (2) gain further input from Capitol Corridor bicycle users and (3) begin a several-month long educational period, which launched on April 10<sup>th</sup>, to allow conductors as well as the riding passengers to become familiar with the program and its implementation. After this phase, the program would go into full effect.
- **Free wireless internet service:** There have been recent upgrades to the Wi-Fi network on the Capitol Corridor and other California intercity passenger rail (IPR) routes (San Joaquin and Pacific Surfliner) since the service was launched on November 28, 2011. Future upgrades are in the planning stages to be unveiled later this summer.
- **Amtrak e-Ticketing program:** On April 16, Amtrak rolled out its long-awaited e-Ticketing program on the San Joaquin and Capitol Corridor services. This first phase includes the print-at-home capabilities for one-way/round-trip tickets only (multi-ride tickets will be rolled out at

a later date this year). This launch was possible due to the earlier CCJPA/Amtrak Automated Ticketing Validation (ATV) Project. The new program includes updated new conductor handheld ticket validation units (similar to Apple iPhones). Customer comments and feedback from the conductors have been positive.

### **Safety Initiatives**

The CCJPA's top priority is the safety of the Capitol Corridor passengers and employees and the communities along the route. To that end, the following safety initiatives and programs are underway:

- Video surveillance equipment installation at six unstaffed stations along the corridor has been completed.
- Safety fence project in Hayward to deter trespassing has been completed; planning is complete for a fence at/near the Suisun/Fairfield Station.
- Expansion of station code of conduct signs to deter loitering and other activities which are not conducive to train station operations and are disruptive to train passengers.
- The applications and other required documents for the pilot program to allow free transport on the Capitol Corridor trains for sworn law officers of law enforcement agencies has been completed. The next step will be to inform the eligible law enforcement agencies about the availability of the pilot program.

### **Project Updates**

- New Passenger Rail Cars and Locomotives. With the obligation of \$168 million Federal Railroad Administration (FRA) High Speed Intercity Passenger Rail (HSIPR) capital grant funds plus \$42 million in matching State Prop 1B Intercity Rail bond funds, Caltrans Rail, working with CCJPA staff and Midwest passenger rail staff, has completed and released the Request for Proposal (RFP) on April 23, 2012 for the manufacture and acquisition of 42 new bi-level rail cars for the 3 CA IPR routes. The RFP for 4 cleaner-burning locomotives is expected in early 2013. The first delivery of the cars is expected in late 2015 with 10 passenger rail cars and two locomotives to be assigned to the Capitol Corridor to accommodate expanding ridership growth.
- Capitol Corridor Service at New Caltrain Santa Clara/University Station. CCJPA, Amtrak, ACE and Caltrain have received approval on the train schedules to serve this additional, upgraded station along the very busy Caltrain route. Discussions are underway for the user agreement to support the operation and maintenance of the station between the passenger rail agencies.
- Yolo Causeway West Crossover Project. With all the funding agreements complete, UPRR has begun to order the track materials. The crossover will be located between the Sacramento and Davis stations and will maintain the high reliability of the Capitol Corridor trains. The project should be complete in Fall 2012.
- Sacramento Railyard Relocation Project. Construction of the tunnels is nearly complete and the relocated tracks and platforms are advancing. The eight standby power units (of which four were purchased with grant funds received from the Sacramento Metropolitan Air Quality Management District) have been ordered with delivery and installation set to begin in May. The City of Sacramento expects the project to be complete by early August 2012.

### **Marketing Update:**

Capitol Corridor's spring advertising campaign will include television commercials and online presence on the Bay Area's KTVU/KICU-TV 36 stations and KTVU.com website. Ads will highlight the offering of free Wi-Fi on board. The popular Seniors Ride Half Off Midweek offer will be advertised via radio commercials in the Sacramento area this summer.

**Outlook – Closing** The first half of FY2012 (October 2011 – March 2012) looks to repeat the record results set in FY2011. Ridership and revenue records have been set each of the first six months and the Capitol Corridor continues to be a leader in customer satisfaction and OTP. Staff is still concerned about the (1) the impact of the rising diesel fuel prices on the operating budget and (2) the ability to secure limited federal and State capital grant funds to finance the capital improvements to implement the CCJPA Board’s service expansion plans to Placer County and San Jose/Silicon Valley.