



Date: June 6, 2014
From: David B. Kutrosky
To: CCJPA Board
Subject: Managing Director’s Report – June 2014

Service Performance Overview

May 2014 was the second consecutive month of ridership increases for the Capitol Corridor compared to prior year-month results. While the increase was subtle [+0.4%], the 128,245 passengers that rode Capitol Corridor trains in May 2014 was the highest monthly ridership for the current fiscal year. Revenues were slightly below [-0.6%] May 2013 results that is consistent with overall revenues performing under last year’s monthly results as well as 7% below FY 2014 revenue projections. Year to-date (YTD) Operating Ratio increased to 52%, yet is below standard of 53% due to revenues below projections. Even though several trains were significantly delayed due to trespasser strikes in May 2014, On-time Performance (OTP) was 96% and is 96% for FY 2014 YTD, keeping the Capitol Corridor in the number one spot as the most reliable service in the Amtrak system.

Standard	May. 2014	vs. May 2013	YTD	vs. Prior YTD	vs. FY14 Plan
Ridership	128,245	0.4%	943,470	-0.1%	-5.9%
Revenue	\$2,549,536	-0.6%	\$19,162,799	-2.2%	-7.0%
Operating Ratio	54%	56%	52%	1.6%	-1.9%
OTP	96%	96%	96%	0.7%	6.3%

Notes: May 2014 was the second consecutive month of ridership increases for the Capitol Corridor compared to prior year-month results. A total of 128,245 passengers rode the Capitol Corridor trains in May 2014, representing a 0.4% increase over May 2013. Revenues were slightly below [-0.6%]. Year to-date (YTD) Operating Ratio increased to 52%, yet is below standard of 53% due to revenues below business plan projections. YTD On-time Performance (OTP) is 96%, keeping the Capitol Corridor as the most reliable service in the Amtrak system.

While ridership is trending upwards over the last three months, the CCJPA continues to implement initiatives to improve performance at specific stations and on specific trains:

- Trains serving Placer County stations (one in each direction): Staff is examining a restructuring of fare plans with Amtrak to address ridership losses on these trains.
- Sacramento station: The City of Sacramento is moving forward with the construction of 40 parking spaces at the west end of the station parking lot this summer. Construction should be complete by early fall. Efforts to identify additional parking closer to the station platform/tunnel entry continue as well.
- Weekend trains: Several initiatives are underway: staff is working with Amtrak marketing team to re-introduce the Take 5 (small group/family) online fare promotion; staff is seeking to introduce a revised weekend train schedule (effective July 28, 2014) to better serve events at the Levi’s/49ers Stadium; and further refinements to the weekend train schedule are being analyzed.

FY 14-15 Draft State Budget

A. **FY 14-15 State-Supported Contract Budget for CA Intercity Passenger Rail Services.** The Governor’s Draft FY 14-15 budget released in January 2014 included \$108.9 million to support the operation of the three California Intercity Passenger Rail (CIPR) services (San Joaquin, Capitol

Corridor and Pacific Surfliner). In late May 2014, the budget subcommittees in Assembly and Senate have independently approved a \$10 million increase in the FY 14-15 state budget for the 3 CIPR FY 15 operating contracts which aligns with the submittal of the Amtrak FY 15 budget forecasts for the three CIPR services. As these budget increases in each legislative house are the same, it is expected that the increased CIPR FY 15 budget will be in the final FY 14-15 state budget to be adopted by the Legislature and submitted to the Governor for enactment.

B. Cap-and-Trade Auction Revenues to Transportation/CIPR Services. Currently, there are three proposals in circulation for the distribution of revenues from Cap-and-Trade auctions for investment in the state transportation programs and services.

1. *Governor's Draft FY2014-15 Budget*: The Draft FY 14-15 Budget (and the recently released budget revision on May 13, 2014) proposes that 70% of his \$850 million Cap-and-Trade program go toward transportation improvements with \$300 million in revenues from Cap-and-Trade auction proceeds for the Rail Modernization Program. The \$300 million would be split – \$250 million for the California High Speed Rail Authority to start construction of a high speed train system in the Central Valley, and \$50 million for Caltrans' allocation of competitive grants for existing rail transit agencies to integrate rail systems and provide connectivity to high speed rail. The CIPR program is identified as an eligible applicant for these funds.

The CCJPA appreciates the inclusion of the CIPR services in the Cap-and-Trade-funded Rail Modernization Program and sent a letter stating its support for the Rail Mod Program yet believes the Program account should be increased tenfold, to \$500 million from Cap-and-Trade revenues. The increased amount could be distributed using a programmatic formula that is fair and equitable and would provide enough funds to allow the state's passenger rail network and rail transit services to expand rail service levels to meet growing passenger demand, reduce greenhouse gas (GHG) emissions from the transportation sector, and support sustainability programs in our communities.

2. *Senator Leadership Investment Strategy for Cap-and-Trade Revenues*: On June 3, 2014, Senate President Pro Tempore Darrell Steinberg and Senator Kevin de Leon updated the earlier May 15 proposal with: 25% of Cap-and-Trade revenues allocated to Transit using the State Transit Assistance (STA) formula; a call-out for dedicated allocation of 5% to intercity rail agencies; and a cap of 15% to the California High Speed Rail (HSR) Project.
3. *Assembly Investment Proposal for Cap-and-Trade Revenues*: On May 22, 2014, the Assembly Budget Subcommittee No. 3 (Resources and Transportation) rolled out its proposal on the allocation of Cap-and-Trade revenues for the FY 14-15 Budget only. This proposal follows the state-controlled allocation of Cap-and-Trade revenues for FY 14-15 that is similar to the Governor's proposal; yet the Assembly's FY 14-15 budget proposal is greater than the Governor's program (\$1.04 billion vs. \$850 million). While there are no specific details on process or schedule, intercity passenger rail is identified as an eligible recipient under the State Greenhouse Gas Reduction Program [\$400 million program allocated by the Strategic Growth Council (SGC)].

Concurrently, staff from the CIPR agencies collaborated with the California Transit Association (CTA) to develop a strategy for advocating Cap-and-Trade revenues to transit and CIPR services with a direct allocation of 5% of these revenues to the CIPR Program [approximately \$150 million per year under a conservative \$3 billion overall annual program]. CIPR services would also be an eligible applicant along with the other transit agencies for Cap-and-Trade-funded Sustainable Communities subaccount.

The Executive Committee of the CTA unanimously adopted this Cap-and-Trade revenue

dispersement program that is proposed to be applied to any Cap-and-Trade related legislative proposals.

Now that the Assembly and the Senate have submitted their respective programs for the use and allocation of Cap-and-Trade revenues for the FY 14-15 budget year, these legislative proposals and the Governor's proposal will go to a conference committee made up of senior legislative and administration officials to develop a consensus plan for the use and distribution of these revenues for FY 14-15 and subsequent years as part of the FY 14-15 budget negotiations.

Customer Service Program Upgrades

- CCJPA Bicycle Access Program. With the retrofitting of the 8300-series cab cars in the Northern California fleet for added bicycle storage and the installation of Positive Train Control hardware completed in May 2014, selected Capitol Corridor weekday trainsets have two (2) cars with enhanced bike storage, nearly doubling the bike capacity on these trains. Caltrans Rail is about to initiate a program of modifications for HVAC and flooring in all first-generation bilevel rail cars which will mean that it will be approximately 36 months before CCJPA will be able to consistently present two bicycle cars on each trainset. The rotation cycle of the equipment will mean that some of the busier trains for bicycle use will have, at times, less than optimal bicycle storage capacity.
- Improvements to CCJPA Website and Automated Interactive Voice Response System. A vendor has been selected to implement upgrades and revisions to the CCJPA website and the automated interactive response (IVR) system. Once a vendor is formally under contract, it is anticipated that these updates will be done in 6 to 8 weeks (early Summer 2014).

Safety Initiatives

- Safety Fences: Construction is underway and nearing completion on a total of 15,802 feet of fencing that has been constructed along the Capitol Corridor Route in several locations including West Sacramento, Sacramento, Suisun, Oakland, and Hayward.
- Security Cameras at Capitol Corridor Stations: With initial engineering design complete, installation will begin for cameras and surveillance equipment at Auburn, Rocklin, Roseville, Suisun, Martinez, Emeryville, Oakland Jack London, and Fremont Stations.
- Positive Train Control. While the first launch of Positive Train Control (PTC) continues towards final implementation in Southern California, the Union Pacific Railroad is studying the possibility of beginning an initial phase where both PTC equipped and non-PTC equipped trains would operate over the Capitol Corridor route together, as a way of testing the system. Installation of the PTC equipment on the state-owned equipment is currently complete with all locomotives and cab cars equipped.
- Platform Safety Upgrades. CCJPA and Amtrak staff have begun a program of safety access upgrades at selected Capitol Corridor train stations. The first project was at the Davis Station and consisted of replacing broken platform tactile edges, repainting platform tactile edges, restriping yellow safety lines along the main platform, repainting safety text along main platform, and installing one safety sign. This work was completed on May 16. The next stations to have similar safety upgrades installed are: Santa Clara/Great America, Hayward, Oakland Coliseum, Richmond, Suisun-Fairfield, Roseville and Auburn stations. These projects are expected to be completed over the next 6-9 months.

Project Updates

- Sacramento to Roseville 3rd Track Environmental Review/Preliminary Engineering. The CCJPA has completed all the preliminary design development with the City of Roseville and

the UPRR so staff is proceeding with the environmental documentation phase of the project. This phase begins with the issuance of the Notice of Preparation (NOP), which will be released in late June 2014. The NOP will allow for public scoping meetings that will be held in the Roseville and Sacramento area, as well as via an online, to provide a forum for commenting on the project. The overall schedule from NOP to final environmental documentation is from June 2014 through October 2015

- Oakland-San Jose Phase 2 Track Project. Staff continues its negotiations with Union Pacific railroad (UPRR) regarding the precise project mix relative to support the increased frequency of Capitol Corridor trains to/from San Jose (up to 11 daily round trip trains). These discussions are supported by California State Transportation Agency (CalSTA), who is responsible for the State Rail Modernization which includes the Capitol Corridor service. Geographically, the Oakland to San Jose Phase 2 Projects can be split into northern and southern sections: southern projects between Newark and San Jose; and those northern projects between Fremont and Oakland. Generally the intent of these projects is to add a second track to those single track segments in each section.

Marketing Update:

Report sent under separate cover.

Outlook – Closing: Two-thirds [eight months] through FY 2014 and ridership for the Capitol Corridor is nearly even [-0.1%] with the FY 2013 YTD results. Revenues, however, continue to lag by 2.2% for the same period last year and further review is required to determine the reasons for these substandard results. Customer satisfaction (per Amtrak’s monthly mail-in surveys) is equal with last year’s results. Other performance standards are showing positive results: the YTD Operating Ratio is 52%, slightly above last year’s YTD result of 51% and OTP continues to be a bright spot with YTD reliability of 96% (best in the nation and in the history of the service).

As the Legislature enters into the final stages of completing its work for the FY 14-15 budget, the CCJPA and the other CIPR agencies are hopeful that the legislative budget leaders and administration officials will support a multi-year distribution program for Cap-and-Trade revenues to transportation services/projects with a dedicated allocation of 5% of such revenues to the states CIPR program. The CIPR agencies are primed for the near-term investment of these Cap-and-Trade revenues in projects that expand and improve the safety and efficiency of these CIPR services, while also helping to meet the State's clean air goals and implementation of sustainable community strategies.