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Subject: December 2016 Capital Corridor Monthly Performance Report

December 2016 Results

Ridership and revenues for the Capitol Corridor improved slightly in December 2016 compared to December 2015. A total of 120,672 passengers rode Capitol Corridor trains, a Year-Over-Year (YOY) increase of 0.1% compared to December 2015. YOY revenue growth was 0.3%. While these are positive performance results, the ridership growth is small compared to the average growth rate of the previous 12 months, 5.9%.

On-Time Performance (OTP) in December 2016 was 90%. This meets the minimum standard and represents a slight increase in reliability (+2%) compared to November. There were 82 late trains in December, compared to the 12-month average of 50 late trains with 94% OTP. Of the 32 late trains over and above the 12-month average, 15 were due to host railroad delays, representing the highest increase for late trains. It should be noted that host railroad delays from passenger train congestion resulting from the slow orders associated with track work for the CCJPA Travel Time Savings (TTS) Project between Newark and Santa Clara dropped significantly by December 21 when the South Bay section of the project was completed. Even though there were 13 fewer third-party delays in December than the 12-month average, third-party delays this month ranked second in number of late trains.

Year-To-Date (YTD) ridership and revenues are up 3% and 4%, respectively, and operating costs are stable, resulting in a System Operating Ratio of 57%, well above the 52% standard. While YTD OTP is 90%, meeting the performance standard set by the State, the route has now slipped three spots to #4 for service reliability in the national Amtrak intercity passenger rail network.

Standard	Dec. 2016	Dec. 2015	YTD	vs. Prior YTD	vs. FY17 Plan
Ridership	120,672	0.1%	395,203	2.7%	5.4%
Revenue	\$2,777,573	0.3%	\$8,270,480	3.6%	4.0%
Operating Ratio	52%	56%	57%	3.3%	10.9%
OTP	90%	96%	90%	94.2%	0.0%
Customer Satisfaction	84	87	84	-2.1%	-1.1%

The following are ridership highlights based on reports received from Amtrak:

- Average weekend ridership for December 2016, for the first time in several months, decreased by 4%, which is unexpected given that the number of weekday/holiday trains was the same for December 2016 and 2015. Further analysis will be done to determine the cause(s) for this ridership decrease.
- Average weekday ridership was up 1% compared to December 2014. While this is a slight uptick, it does show flat weekday ridership growth. Results over the next few months will indicate whether this is an anomaly for December 2016, if ridership is stabilizing, or if it is actually beginning to decrease.

State Transportation Finance Legislation

The current members of the California Legislature started the 2017-18 Legislative Session in early December 2016. Both Senator Beall and Assembly member Frazier re-introduced their legislative proposals, SB1 and AB1, respectively, to address the state's transportation financing deficit. These were similar to their bills from the previous state Legislative Session, SBX1-1 and ABX1-26, but this time around, Senator Beall included a dedicated funding program for interregional/intercity and commuter passenger rail services via a 0.5% increase in the state sales tax on diesel fuel purchases. And, while the projected amount of these dedicated funds for the state's intercity/commuter services is expected to be approximately \$40 million per year, this represents a big step towards establishing a continuous, predictable, and stable source of funds for the state's passenger rail services.

Federal FY 17 Appropriation Update

On December 9, Congress extended the current Continuing Resolution (CR) for the FY17 federal budget until April 2017. At that time, Congress will need to determine if it will extend the CR through the remainder of FY17 (September 30, 2017) or develop an omnibus budget for the period through FY17. For purposes of funding the Rail Title from the FAST Act, an Omnibus budget bill for FY17 can provide up to \$80M from the CRISI (Rail Infrastructure) or SOGR (State of Good Repair) that can be available for state intercity passenger rail capital funding. However, a CR will result in no funds being appropriated to the FAST Act Rail Title.

Customer Service Program Upgrades

Bicycle Access Program: CCJPA staff continues to work with individual station owners to install eLockers using several grants that are financing this project. BikeLink eLockers at Emeryville, Davis, and Martinez are now installed, and more eLockers will be installed at the remaining stations in early 2017. As for increasing onboard bicycle storage, staff is now working with a selected vendor to finalize designs for an onboard bicycle storage system that can increase capacity from the current design. CCJPA will work with Caltrans and Amtrak to finalize and implement such on-train retrofits.

Marketing: Marketing staff was busy with final plans and preparations for the Capitol Corridor's 25th anniversary celebration held on December 6 at the California State Railroad Museum. Related to the anniversary, staff launched a special 25% off fare discount for current riders, as well as Café Car coupons (in addition to the 25% discount) for multi-ride ticket users. The popular Friends & Family fare discount officially ended on December 31, but will be continued at least through the end of 2017 due to strong ridership and revenue performance. Staff also launched a "Buy One Get One" special fare on Saturdays to encourage weekend travel on the Capitol Corridor. Current partnerships include Cal Athletics, Harlem Globetrotters, the cities of Sacramento and San Jose ice rinks, and staff is pursuing new partnerships with SF Beer Week, UC Davis Extension, Visit Oakland, the Exploratorium, and others.

Safety Initiatives

Security Cameras at Capitol Corridor Stations: Funding has been secured to install cameras and surveillance equipment at the Auburn, Rocklin, Roseville, and Suisun, stations. This project has been initiated, and construction will begin soon. Funding has been identified in a future funding year for security cameras at the Martinez, Emeryville, and Oakland Jack London Square stations. When complete, all Capitol Corridor stations will be equipped with security cameras and surveillance equipment.

Positive Train Control: Along the Capitol Corridor route, Union Pacific Railroad and Caltrain have begun testing of their respective PTC systems using their own trains. In addition to being in close communication with the UPRR and Caltrain on their PTC implementation plans, CCJPA staff continues working with Caltrans and Amtrak on completing the installation and testing of the PTC on-board equipment in the locomotives and cab cars used by the Capitol Corridor trains. This also includes Amtrak's installation of the back-office server that will relay the location and other information about the Capitol Corridor trains to the UPRR and Caltrain PTC

servers. Once the equipment installation is complete and the back-office server is installed, testing of the PTC system on the Capitol Corridor trains can begin. This testing is expected to begin in mid-2017.

Project Updates

Travel Time Savings (TTS) Project: The UPRR has begun implementation of this project that will achieve up to 10 minutes in reduced travel times for Capitol Corridor trains between Sacramento and San Jose. Rail and other track components are being replaced, and the curve geometry is being updated in order to accommodate faster Capitol Corridor train speeds. The UPRR expects to complete this work by the end of 2017.

CCJPA Oakland-San Jose Phase 2 Project: The engineering and environmental consultants have wrapped up their work for CCJPA on the Newark-Albrae and Great America double track segments, and CCJPA has a well-analyzed and environmentally-documented description of anticipated project impacts. Concurrently, Caltrain is completing the design and environmental plans for the track upgrades into and out of the San Jose/Diridon Station terminal facility as a means to accommodate additional Capitol Corridor trains.

Sacramento to Roseville 3rd Track Environmental Review/Preliminary Engineering: On November 18, 2015, the CCJPA Board adopted the California Environmental Quality Act (CEQA) Environmental Impact Report (EIR) for this project, which will allow up to 10 round trips to and from Roseville. CCJPA is working with UPRR and the City of Roseville to implement Phase 1 of the 3rd Track work which will allow two additional round trips. The Phase 1 work has programmed funding that just needs to be allocated from the California Transportation Commission (CTC) once CCJPA and UPRR develop a construction scope and schedule to use in the CTC allocation request.

Outlook – Closing

Through the first quarter of FY2017 (October- December 2016), the performance results for the Capitol Corridor remain solid. Ridership and revenue continue to grow, but at a lower rate due to limited growth on weekdays. Targeted weekend promotions will begin in early 2017 to boost weekend ridership. Operating expenses are stable, and diesel fuel costs are under budget for the first quarter, resulting in one of the highest system operating ratios ever for the Capitol Corridor – 57%. Service reliability has slipped from 94% last year to a current OTP of 90%. Efforts are underway to identify initiatives and best practices to bring down host railroad-related delay minutes and to address third-party incidents (such as trespasser and grade crossing incidents.)

With respect to the CCJPA's Capital Program, the key projects underway are those that will improve safety and security of the employees, passengers, and the communities along the route. This includes, but is not limited to, PTC technology and security fences/cameras, plus projects that will support service expansion projects (San Jose/Salinas, Placer County) and enhance customer service and amenities to improve access to trains.

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