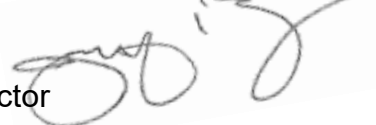




June 17, 2019

To: Members of the Board of Directors

From: Jennifer L. Bergener, Managing Director 

Subject: Los Angeles – San Diego – San Luis Obispo Rail Corridor Trends for the Fourth Quarter of Federal Fiscal Year 2017-18

Overview

A report on ridership, revenue, and on-time performance trends for passenger rail services on the Los Angeles – San Diego – San Luis Obispo rail corridor, including the Pacific Surfliner, Metrolink, and COASTER, covering the fourth quarter of federal fiscal year 2017-18, is presented for consideration.

Recommendation

Receive and file as an information item.

Background

The 351-mile Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor travels through a six-county coastal region in Southern California and is the busiest state-supported intercity passenger rail corridor in the United States. The LOSSAN rail corridor includes 41 stations and more than 150 daily passenger trains, with an annual ridership of more than 2.9 million on Pacific Surfliner intercity trains and 4.5 million on Metrolink and COASTER commuter trains.

Discussion

This report provides an update on the performance of the passenger rail services on the LOSSAN rail corridor by presenting the current trends of the service in three specific areas: usage (ridership and passenger miles), efficiency (revenue and farebox recovery), and quality (on-time performance and customer satisfaction). The report includes the Pacific Surfliner intercity passenger rail service, as well as commuter rail service on Metrolink's Ventura County Line (VCL) and Orange County Line (OCL), and the North County Transit District's COASTER system. Amtrak national data is included for comparative purposes. The reporting period is the fourth quarter of federal fiscal year (FFY) 2017-18, covering the months

of July, August, and September 2018. This report has been delayed due to extensive delays in the Amtrak reporting process.

Usage

For the fourth quarter of FFY 2017-18, total LOSSAN rail corridor ridership on the three services was 2,219,948, a 0.1 percent decrease when compared to the same period the previous year. A 24-month ridership chart for the LOSSAN rail corridor, with the specific performance of each service, can be found in Figure 1.1.

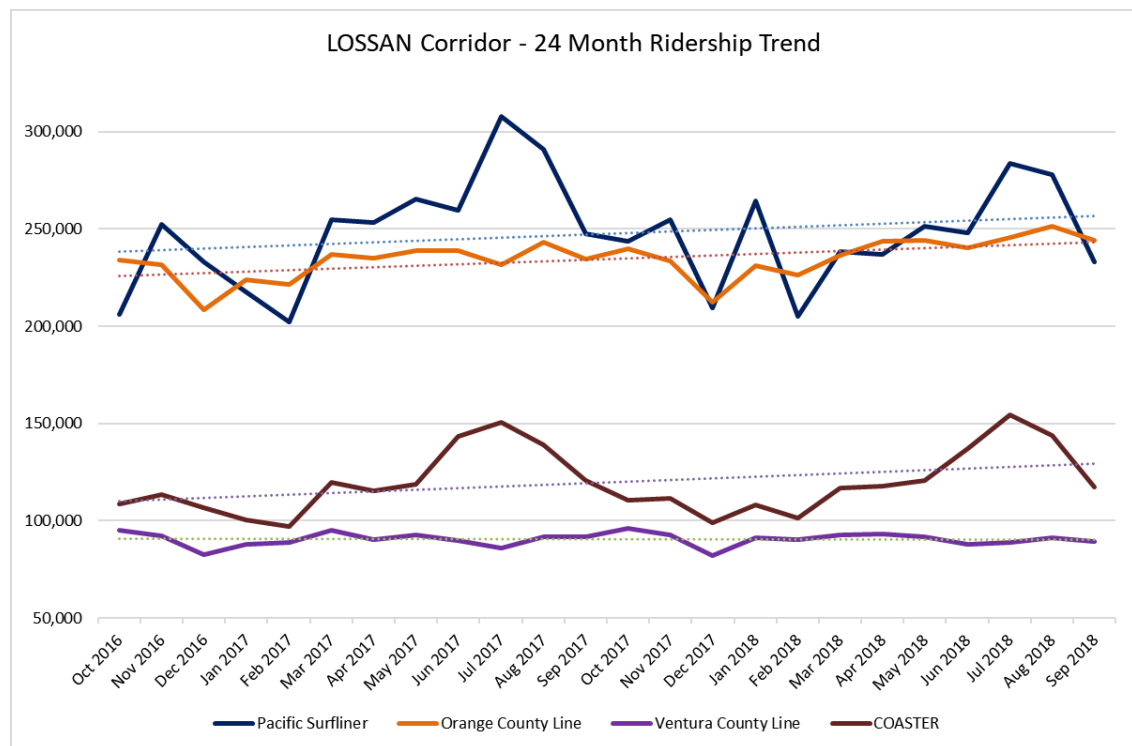


Figure 1.1

The 24 months of ridership data included in Figure 1.1 provides a more accurate indicator of the overall growth along the corridor. Due to seasonal variances, a complete ridership trend is difficult to discern from a single 12-month period. Including 24 months of data accounts for the seasonal variation and provides sufficient information to allow for the development of a linear trendline for each service. In addition to this overall corridor data, details on the performance of each service are provided below.

Pacific Surfliner

A large part of the overall decline of LOSSAN rail corridor ridership can be attributed to the Pacific Surfliner (San Luis Obispo to San Diego) intercity passenger rail service ridership, which decreased during the fourth quarter of FFY 2017-18 by 6.2 percent when compared to the same period last year. This decline reverses the previous year's ridership increase and puts ridership at pre-2016 levels as is demonstrated in Figure 1.2. Pacific Surfliner ridership in this report includes Metrolink and COASTER pass holders utilizing the Rail 2 Rail (R2R) Program, which allows Metrolink monthly pass holders and COASTER passengers to ride Pacific Surfliner trains within the stations identified on their valid fare media, subject to certain restrictions. As prior analysis has demonstrated, the impact of lower R2R ridership as well as the ridership decreases associated with the peak-period service have continued through this period. In FFY 2017-18, total ridership on the Pacific Surfliner decreased by 1.5 percent.

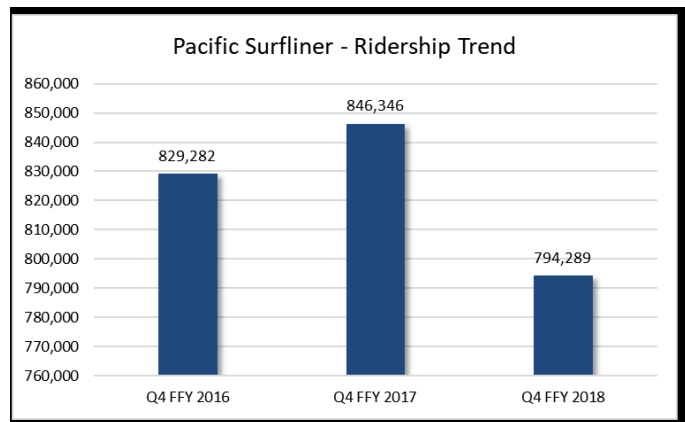


Figure 1.2

Metrolink

Overall LOSSAN rail corridor ridership was positively impacted by the minor ridership increases experienced by Metrolink's OCL as demonstrated in Figure 1.3. On the VCL, which serves East Ventura to Los Angeles, ridership remained static when compared to the fourth quarter of last year. The OCL, which serves Los Angeles to Oceanside, saw a 4.4 percent increase in ridership over the same report period in the prior year.

Metrolink system ridership increased by 4.2 percent in the fourth quarter of FFY 2017-18 when compared to the same period in FFY 2016-17.

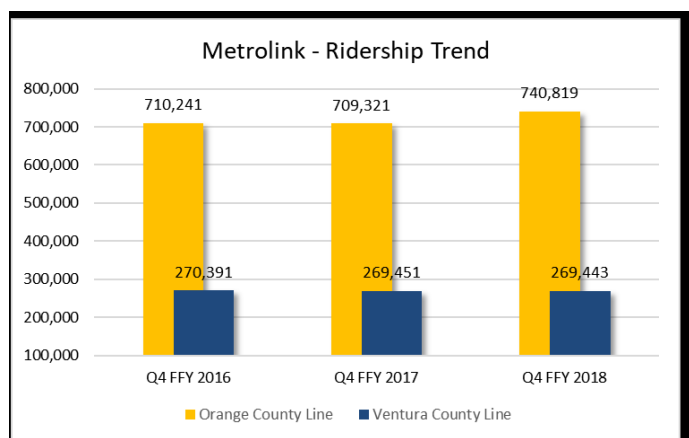


Figure 1.3

As noted previously, Metrolink's official ridership has historically been based on conductor counts. Beginning in FY 2016-17, Metrolink began transitioning from conductor counts to ticket sales as the primary ridership metric. Beginning with the second quarter report of FFY 2017-18, Metrolink ridership has been reported based on the ticket sales metric. Historical performance has also been updated to reflect ticket sales. Past corridor trends reports will differ from the currently reported ridership values, since those values were based on conductor counts. Metrolink pass holders riding Pacific Surfliner trains, utilizing the R2R Program, averaged 1,063 per weekday for the fourth quarter of FFY 2017-18, which is a decrease of 4.6 percent compared to the same period last year.

COASTER

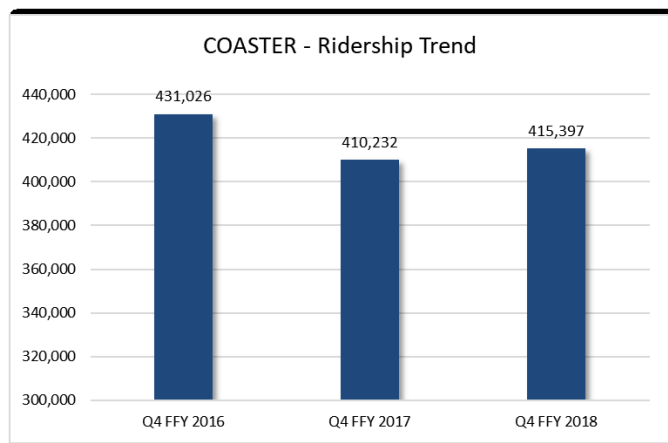


Figure 1.4

COASTER (serving Oceanside to San Diego) ridership saw an increase of 1.3 percent during the fourth quarter of FFY 2017-18, when compared to the same period the prior year as shown in Figure 1.4.

The fourth quarter of FFY 2017-18, saw an average of 141 total COASTER pass holders per day on Pacific Surfliner trains, utilizing the R2R program. This was a

decrease of 59.8 percent when compared to last year. This decrease is consistent with the forecasted loss associated with the elimination of two COASTER stations from the R2R Program in October 2017.

Amtrak System

Amtrak service nationwide had a cumulative ridership increase of 0.7 percent for the fourth quarter of FFY 2017-18 compared with the same period the prior year, as demonstrated in Figure 1.5.

Amtrak's Coast Starlight (Seattle to Los Angeles) saw ridership decrease by 8.5 percent in the fourth quarter compared with the same period last year. The Capitol Corridor (Auburn/Sacramento to Oakland and San Jose) and the San Joaquins Corridor (Sacramento/Oakland to Bakersfield) are the other two California State-supported intercity passenger rail services operated by Amtrak, and although serving significantly different markets, do provide a comparison to the Pacific Surfliner service. Ridership on the Capitol Corridor increased by 8 percent

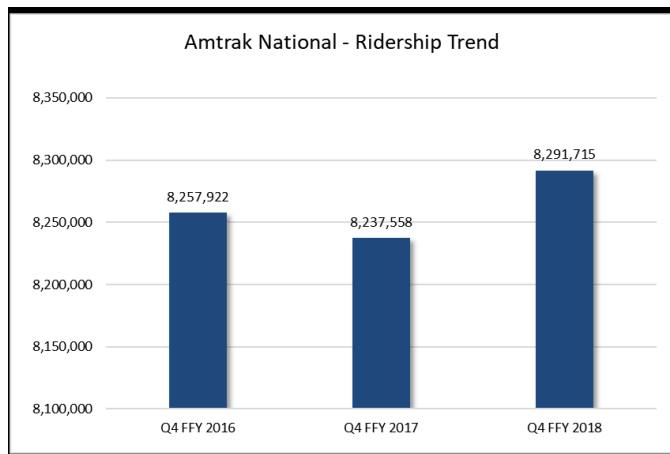


Figure 1.5

and San Joaquins ridership decreased by 4.1 percent in the fourth quarter compared to the same period last year.

Passenger Miles

A passenger mile is defined as one passenger traveling one mile. As an example, 10 passengers, each traveling 100 miles, would then generate 1,000 passenger miles. This metric depicts the

growth in passenger usage and distance traveled.

The Pacific Surfliner generated over 70.9 million passenger miles during the fourth quarter of FFY 2017-18, which is a 5.8 percent decrease compared to the same period in the prior year. Total passenger miles for FFY 2017-18 on the Pacific Surfliner were 253.5 million, a 2.2 percent decrease from the prior year. The decrease in passenger miles is on par with what was experienced in overall ridership. Factoring in the average pounds of carbon dioxide emissions per passenger mile in a private automobile versus riding on passenger rail, those 253.5 million passenger miles resulted in a reduction of over 91,200 metric tons of greenhouse gases. The impact that this has on the environment cannot be understated. The pollution eliminated is the equivalent of burning over 211,000 barrels of oil.

Efficiency

Revenue

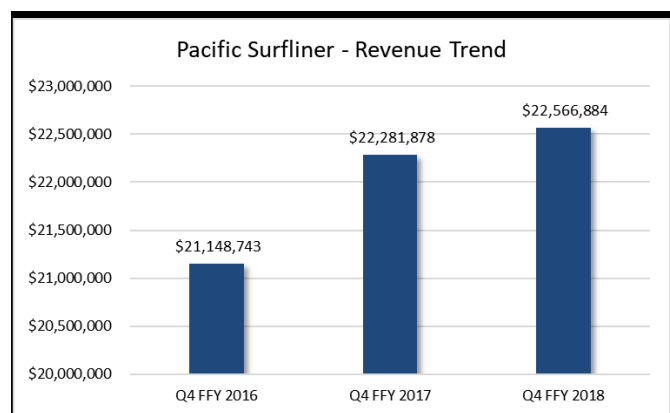


Figure 1.6

Despite the overall loss in ridership, the Pacific Surfliner's ticket revenue growth trend continued with a modest increase of 1.3 percent for the fourth quarter of FFY 2017-18 when compared with the same period in the prior year as shown in Figure 1.6. This can be attributed to growth in business class ridership and increased revenue

associated with the fare restructuring instituted in March 2018.

For the Capitol Corridor, total revenue increased by 9.5 percent for the fourth quarter, whereas the San Joaquin corridor saw a decrease of 11.3 percent, and the Coast Starlight decreased by 4.6 percent.

Farebox Recovery

The Pacific Surfliner is legislatively required to achieve a minimum of 55 percent farebox recovery. As a performance measure, farebox recovery is normally calculated on an annual basis. Expenses throughout the year are not linear and can cause significant fluctuations in the farebox recovery ratio from quarter to quarter.

The California Department of Transportation (Caltrans) Division of Rail and Mass Transportation (DRMT) reports quarterly to the California Transportation Commission (CTC) on all state-supported corridors via the *California Department of Transportation's Intercity Passenger Rail Operations Report*. This report has been revised to now focus on a rolling 12-month report period. On January 30, 2019, Caltrans DRMT reported to the CTC on the 12 months ending September 2018 and indicated that for FFY 2017-18, the Pacific Surfliner realized a 77.1 percent farebox recovery ratio.

Quality

On-Time Performance

The methodologies for calculating on-time performance (OTP) vary significantly between intercity and commuter rail services. Commuter trains are considered late if trains arrive six or more minutes late to the terminal location. Pacific Surfliner trains are considered late if trains arrive 15 or more minutes after scheduled arrival times.

In the fourth quarter of FFY 2017-18, average endpoint Pacific Surfliner OTP was 73.8 percent, which was a 15.1 percent increase over the prior year. All-station OTP, which is calculated by combining and averaging OTP at each station, averaged 76.5 percent. By comparison, the endpoint OTP on the Capitol Corridor averaged 93.6 percent, and the San Joaquins averaged 66.2 percent during the report period. Amtrak system wide endpoint OTP averaged 71.2 percent for the fourth quarter.

A monthly OTP trend for the Pacific Surfliner can be seen in Figure 1.7. The LOSSAN Rail Corridor Agency (Agency) continues to work collaboratively with the host railroads to identify operational improvements that can favorably impact OTP, and some favorable results are being seen from these efforts.

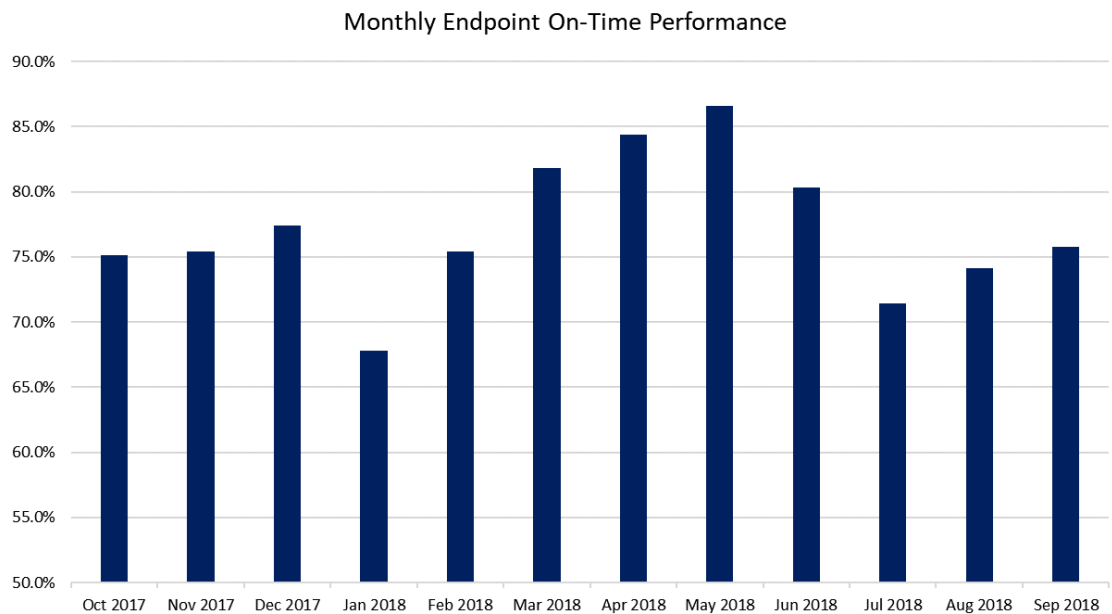


Figure 1.7

Customer Satisfaction

Amtrak reports an Electronic Customer Satisfaction Index (eCSI) score monthly for all routes, in which a 'very satisfied' percentage is calculated out of 100 passengers via surveying. For the fourth quarter of FFY 2017-18, the Pacific Surfliner scored an average eCSI of 82 percent, with the FFY 2017-18 average being 83.9 percent. Analysis has shown that the biggest drivers for this continue to be issues with reliability or on-time performance, and a lack of information given about problems or delays on the train.

Additional Performance Indicators

Food and Beverage Sales

The LOSSAN Agency's focus on improving service quality and the customer experience has prompted additional attention to the food and beverage selections offered in the Pacific Surfliner Café car. Continual effort is being made to ensure that menu items are meeting the expectations of our

<i>Sales Category</i>	<i>Quarter 4 FFY 2016-17</i>	<i>Quarter 4 FFY 2017-18</i>	<i>Increase</i>
Baked Goods	\$131,215	\$135,325	3.1%
Beer	\$383,807	\$360,127	-6.2%
Beverages	\$368,055	\$424,716	15.4%
Dairy Products	\$4,578	\$9,304	103.2%
Packaged Snack Foods	\$956,145	\$1,115,306	16.6%
Fresh Prepared Foods	\$254,556	\$199,908	-21.5%
Liquor	\$174,601	\$191,259	9.5%
Miscellaneous Merchandise	\$6,780	\$6,665	-1.7%
Salads	\$2,380	\$20,845	775.8%
Wine	\$475,402	\$548,400	15.4%
	\$2,757,518	\$3,011,854	9.2%

Figure 1.8

passengers. As part of that effort, LOSSAN Agency staff closely monitors food and beverage sales in an effort to gauge the success of what is being offered and to highlight items that need to be adjusted.

For the fourth quarter of FFY 2017-18, food and beverage sales increased by 9.2 percent over the same quarter in the prior year. The significant variations in the sale of salads is due to ongoing changes in the way that Amtrak categorizes some food items. For FFY 2017-18, food and beverage sales totaled \$9.5 million, which was an 11 percent increase over the prior year's total. Details on the performance of each specific sales category are included in Figure 1.8.

Amtrak Thruway Bus Service

Pacific Surfliner rail service is supplemented by Amtrak's network of Thruway buses that connect passengers throughout the LOSSAN rail corridor. The bus routes function as part of the Pacific Surfliner service and include:

- Route 4: Los Angeles to Santa Barbara/Goleta. Two daily one-way trips.
- Route 17: Santa Barbara to San Luis Obispo to Oakland (where it connects with Capitol Corridor). Eleven daily one-way trips.
- Route 39: Fullerton to Palm Springs and Coachella Valley. Four daily one-way trips.

For the fourth quarter of FFY 2017-18, ridership on these three routes totaled just over 25,900 riders, which was a decrease of 16 percent when compared to the same period in the prior year. Total ridership for FFY 2017-18 on these three routes totaled 105,241, which was a 13.8 percent decrease over FFY 2016-17.

Additional Metrics

A summary table of the ridership, revenue, and OTP for the LOSSAN rail corridor can be found in Attachment A. There are additional performance indicators that were previously included as attachments to this report, items such as boardings/alightings by station and ridership/revenue by station pair. Due to significant delays and inconsistencies with the data received from Amtrak, these items are not included with this report. They will be included with future reports, once the data issues with Amtrak have been resolved.

Summary

This report provides an update of trends for the usage, efficiency, and quality of the passenger rail services on the Los Angeles – San Diego – San Luis Obispo rail corridor, including the Pacific Surfliner, Metrolink, and COASTER for the fourth quarter of federal fiscal year 2017-18. During the fourth quarter, total Los Angeles – San Diego – San Luis Obispo rail corridor ridership decreased

by 0.1 percent compared to the same period last year. Ridership on the Pacific Surfliner decreased by 6.2 percent, while revenue growth continued, with a 1.3 percent increase when compared to the same period last year.

Attachment

- A. Los Angeles – San Diego – San Luis Obispo Rail Corridor Performance Summary, Fourth Quarter Federal Fiscal Year 2017-18

Prepared by:

A handwritten signature in black ink, appearing to read 'R. Lopez', with a long horizontal stroke extending to the right.

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