



November 16, 2020

To: Members of the Board of Directors

From: Donna DeMartino, Managing Director

Subject: The Los Angeles – San Diego – San Luis Obispo Rail Corridor
Trends for the Third Quarter of Federal Fiscal Year 2019-20

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 third quarter of federal fiscal year 2019-20.

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 typically hosts more than 150 daily passenger trains and an annual ridership of more than 2.7 million on Pacific Surfliner intercity passenger rail trains and about 5.4 million on Metrolink and COASTER commuter trains.

Discussion

This report provides an update on the performance of the passenger rail services operating 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 (OTP) 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 third quarter of federal fiscal year (FFY) 2019-20, covering the months of April, May, and June 2020.

Coronavirus Pandemic

The coronavirus (COVID-19) pandemic has had significant global impacts on transit ridership and operations, including the three rail services operating on the LOSSAN rail corridor. Attributable ridership and revenue declines were observed at the end of February 2020, and drastic declines followed Governor Newsom's safer-at-home order, effective March 15, 2020. Shortly thereafter, the Pacific Surfliner, COASTER, and Metrolink implemented temporary service reductions on their respective intercity and commuter passenger rail services. The Pacific Surfliner and COASTER began service reductions on March 23, 2020, and Metrolink reduced its service on March 26, 2020.

Usage

For the third quarter of FFY 2019-20, total LOSSAN rail corridor ridership on the three services was 152,488, a 92.7 percent decrease when compared to the same period of the previous year. However, when analyzing ridership performance on a monthly level, ridership increased in May and June following

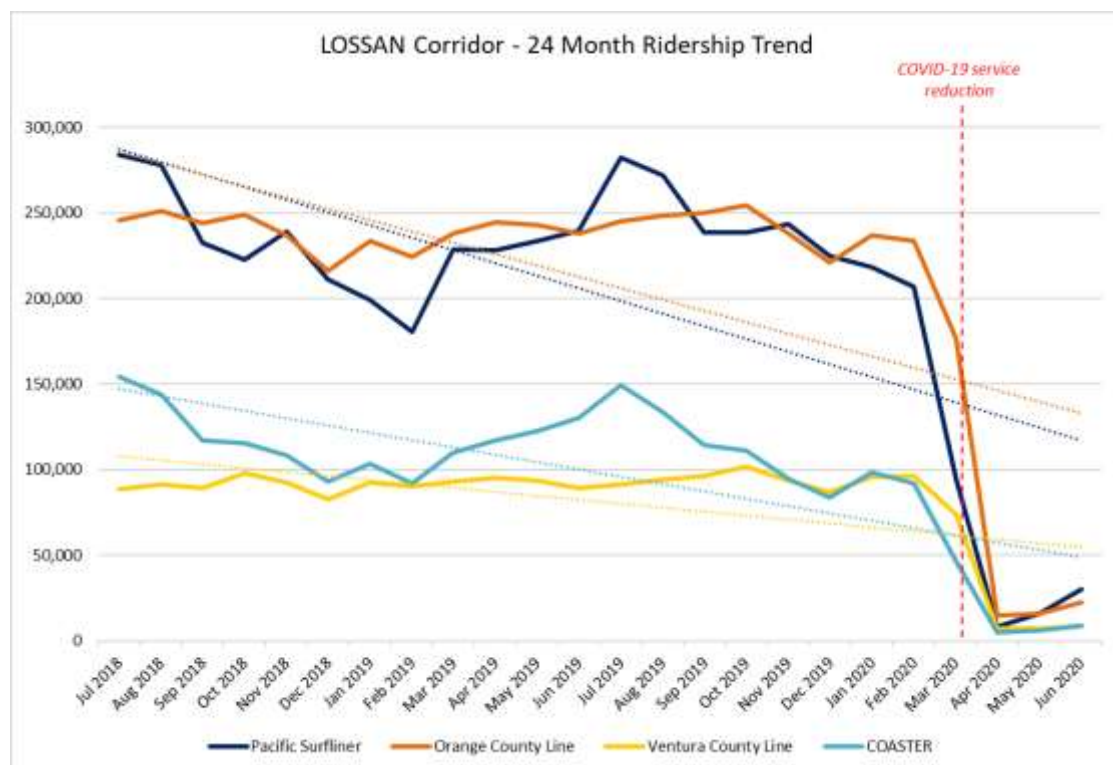


Figure 1.1

a record decline and low ridership in April. A 24-month ridership chart for the LOSSAN rail corridor, with the specific performance of each service, can be found in Figure 1.1.

The 24 months of ridership data included in Figure 1.1 provide a more accurate indicator of the overall change in ridership 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. A summary table of the ridership, revenue, and OTP for the LOSSAN rail corridor can be found in Attachment A. In addition to this overall corridor data, details on the performance of each service are provided below.

Pacific Surfliner

The overall decrease in LOSSAN rail corridor ridership includes ridership on the Pacific Surfliner (San Luis Obispo to San Diego) intercity passenger rail service, which decreased during the third quarter of FFY 2019-20 by 92.2 percent when compared to the same period last year, as is demonstrated in Figure 1.2. Ridership saw a low point in April, attributable to the reduced service and travel restrictions associated with the COVID-19 pandemic. The reported Pacific Surfliner ridership 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.

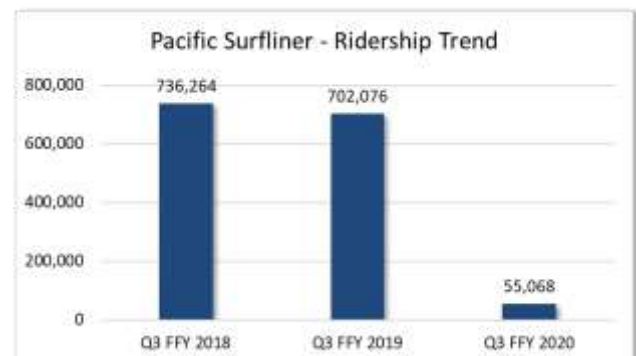


Figure 1.2

Metrolink

Overall LOSSAN rail corridor ridership was also negatively impacted by the ridership decrease on Metrolink's VCL demonstrated in Figure 1.3. The VCL, which operates between East Ventura and Los Angeles, saw a ridership decrease of 91.6 percent when compared to the third quarter of last year. The OCL, which

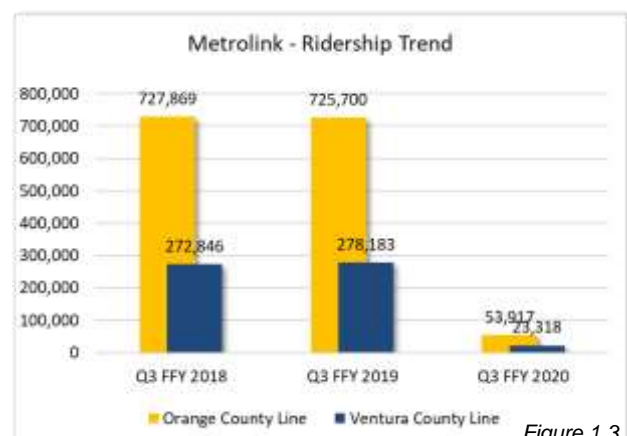


Figure 1.3

operates between Los Angeles and Oceanside, saw a similar 92.6 percent decrease in ridership over the same report period in the prior year.

Metrolink pass holders riding Pacific Surfliner trains, utilizing the R2R Program, averaged 31 per weekday for the third quarter of FFY 2019-20, which is a decrease of 97.2 percent compared to the same period last year.¹

COASTER

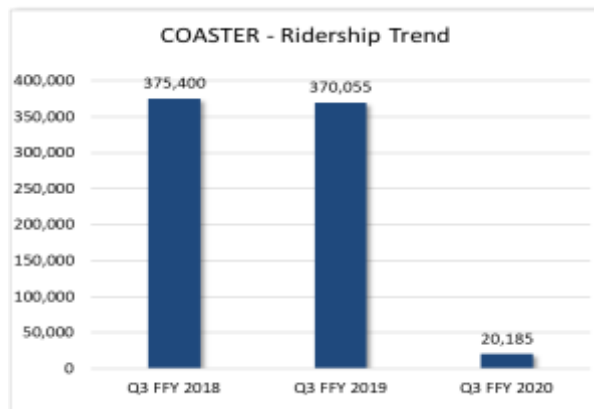


Figure 1.4

COASTER (providing commuter rail service between Oceanside and San Diego) ridership decreased by 94.5 percent during the third quarter of FFY 2019-20 when compared to the same period the prior year, as shown in Figure 1.4. During the third quarter of FFY 2019-20, there were an average of one COASTER pass holder per day on Pacific Surfliner trains, utilizing the R2R program. This was a decrease of 97.5 percent when compared to last year.

Amtrak System

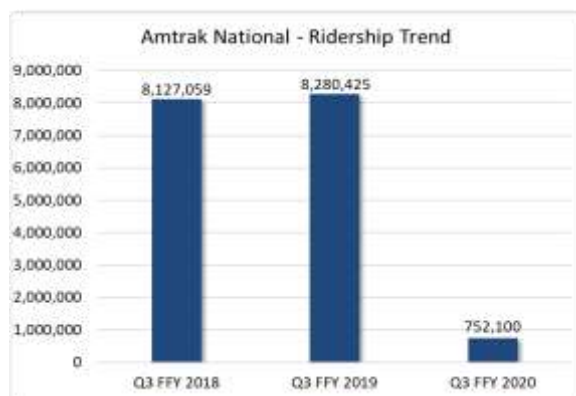


Figure 1.5

Not immune to the significant impacts of the COVID-19 pandemic, Amtrak service nationwide experienced a cumulative ridership decrease of 90.9 percent for the third quarter of FFY 2019-20 compared with the same period the prior year, as illustrated in Figure 1.5.

Amtrak's Coast Starlight (Seattle to Los Angeles) saw ridership decrease by 74.8 percent in the third 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 decreased by

¹ Metrolink R2R values are based on preliminary, unaudited data provided by Amtrak.

92.8 percent and San Joaquins ridership decreased by 85.7 percent in the third 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 generate 1,000 passenger miles. This metric depicts the growth in passenger usage and distance traveled.

The Pacific Surfliner generated over 5 million passenger miles during the third quarter of FFY 2019-20, which is a 92.0 percent decrease compared to the same period in the prior year. The decrease in passenger miles aligns with the overall decrease in ridership. Factoring in the average pounds of carbon dioxide emissions per passenger mile in a private automobile versus riding on passenger rail, those 5 million passenger miles resulted in a reduction of over 1,806 tons of greenhouse gases. The pollution avoided is equivalent to burning just over 200,000 gallons of gasoline.

Efficiency

Revenue

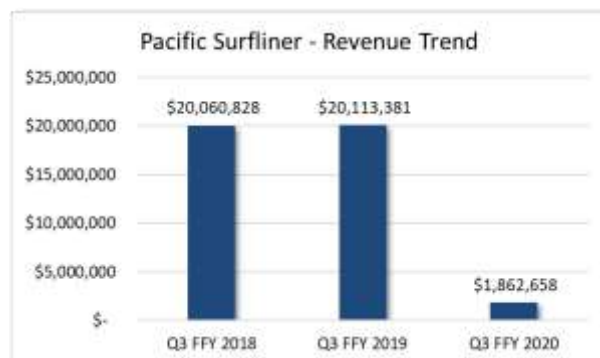


Figure 1.6

In correlation with the ridership decrease due to the COVID-19 pandemic, ticket revenue for the Pacific Surfliner also underperformed. For the third quarter of FFY 2019-20, overall revenue decreased by 90.7 percent when compared with the same period in the prior year, as shown in Figure 1.6.

For the Capitol Corridor, total revenue decreased by 89.9 percent, the San Joaquin rail corridor saw a decrease of 75.4 percent, and the Coast Starlight decreased by 77.4 percent in the third quarter compared to last year.

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 Division of Rail and Mass Transportation usually 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 focuses on a rolling 12-month report period instead of the quarter. A report has not been submitted to the CTC since December 4, 2019. As of that report, the 12 months ending June 2019 saw a 72.5 percent farebox recovery ratio.

Quality

OTP

The methodologies for calculating 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 third quarter of FFY 2019-20, average endpoint Pacific Surfliner OTP was 92.8 percent, which was an amazing 23.8 percent increase over the prior year. The significant service reduction that occurred in March 2020 lead to reduced train volumes throughout the LOSSAN corridor. As such, an improvement in OTP was anticipated. A monthly OTP trend for the Pacific Surfliner can be seen in Figure 1.7.

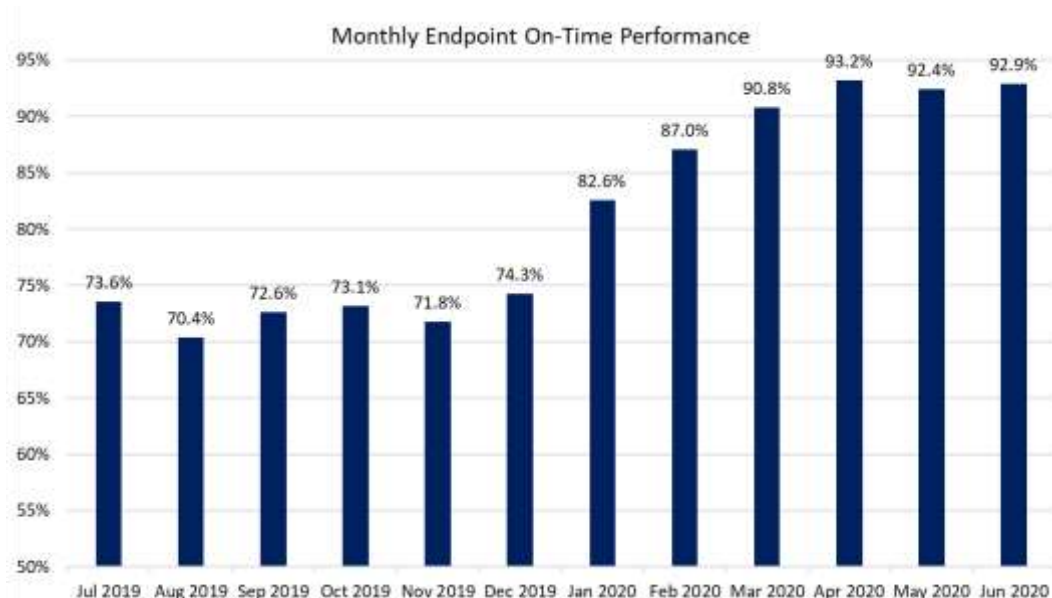


Figure 1.7

The LOSSAN Rail Corridor Agency (Agency) will continue to work collaboratively with the Corridor Improvement Team via quarterly meetings to ensure that OTP performance remains high as service is eventually restored.

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 electronic survey. Unfortunately, for the third quarter, the reduced ridership lead to an insufficient number of respondents to accurately calculate the eCSI score. As ridership increases, this metric will return.

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 made to ensure that menu items are meeting the expectations of our passengers. As part of that effort, LOSSAN Agency staff closely monitors food and beverage sales to gauge the success of what is being offered and to highlight items that need to be adjusted.

Sales Category	FFY19 Q3	FFY20 Q3	% Change
Baked Goods	\$ 117,461	\$ 12,502	-89.4%
Beer	\$ 297,299	\$ 28,133	-90.5%
Beverages	\$ 363,260	\$ 37,316	-89.7%
Dairy Products	\$ 10,510	\$ 650	-93.8%
Fresh Prepared Foods	\$ 186,169	\$ 2,113	-98.9%
Liquor	\$ 147,662	\$ 20,468	-86.1%
Miscellaneous Merchandise	\$ 6,723	\$ 2,450	-63.6%
Packaged Snack Foods	\$ 968,727	\$ 269,945	-72.1%
Salads	\$ 24,555	\$ -	-100.0%
Wine	\$ 504,049	\$ 31,339	-93.8%
Total Revenue	\$ 2,626,415	\$ 404,915	-84.6%

Figure 1.8

For the third quarter of FFY 2019-20, food and beverage sales decreased by 84.6 percent over the same quarter in the prior year. In addition to the decrease in ridership, Café car sales were impacted by the restrictions associated with indoor dining. The sales of salads and fresh prepared foods was discontinued to prevent losses associated with spoilage as a result of reduced demand. Subsequently, hot prepared food had to be temporarily suspended to ensure the safety and health of all involved by limiting the interactions necessary between the passengers and Café car attendants.

Various safety measures, including the installation of plexiglass barriers, have allowed for the return of microwavable food items. As these items return and ridership increases, we anticipate Café car revenue to follow the same trend. 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 third quarter of FFY 2019-20, ridership on these three routes totaled 4,968 riders, which was a decrease of 79.5 percent when compared to the same period in the prior year (24,273 riders).

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 third quarter of federal fiscal year 2019-20. During the third quarter, total Los Angeles – San Diego – San Luis Obispo rail corridor ridership decreased by 92.7 percent compared to the same period last year. Ridership on the Pacific Surfliner decreased by 92.2 percent, and revenue realized a 90.7 percent decline when compared to the same period last year.

Attachment

- A. Los Angeles – San Diego – San Luis Obispo Rail Corridor Performance Summary, Third Quarter Federal Fiscal Year 2019-20

Prepared by:

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

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