



March 22, 2013

The Honorable Brian Kelly
Acting Secretary
State of California Business, Transportation and Housing Agency
980 Ninth Street, Suite 2450
Sacramento, CA 95814-2719

SUBJECT: CCJPA FY 2013-14 – FY 2014-15 Business Plan Update – FINAL

Dear Secretary Kelly:

In accordance with the Interagency Transfer Agreement between the Capitol Corridor Joint Powers Authority (CCJPA) and the State of California, on behalf of the CCJPA, I am pleased to submit the final Business Plan Update for the Capitol Corridor intercity passenger train service for FY 2013-14 and FY 2014-15. The CCJPA Board of Directors formally adopted this Business Plan Update at its February 20, 2013 meeting (see attached Resolution 13-01, which provides for the submission of this business plan to the Business, Transportation and Housing Agency (BT&H). In conjunction with the development of this business plan, the CCJPA conducted eleven (11) public workshops throughout the service territory to obtain public comments.

The CCJPA developed this Business Plan Update in recognition of the implementation of PRIIA Section 209 Amtrak pricing policy in FY13-14 that affects Amtrak-operated, state-supported intercity passenger train services, like the Capitol Corridor. In summary, this business plan:

- Seeks an increase of \$1.996 million in FY13-14 state operating support for the current service plan (30 weekday and 22 weekend trains) to be consistent with the PRIIA Section 209 Amtrak pricing policy;
- Aims to retain and grow ridership by:
 1. Adjusting train schedules to better target key ridership markets;
 2. Maintaining a superior level of service reliability [90% or better on-time performance]
 3. Adding/enhancing passenger service amenities (WiFi, rider appreciation initiatives).
- Provides the CCJPA's operating strategies and Capital Improvement Program (CIP) that are consistent with the (1) High Speed Train Blended Service Plan put forth in the California High Speed Rail Authority's 2012 Business Plan and (2) Draft California State Rail Plan, yet also recognizes limited state funding and federal funding to implement the CIP; and
- Advances new, and carries forward successful, marketing campaigns/programs that are targeted to increase ridership and to raise the awareness of the Capitol Corridor brand.

With the valued commitments from our service partners at Caltrans, Amtrak and the Union Pacific Railroad, the CCJPA has been able to make the Capitol Corridor a safe, reliable, frequent, and cost-effective transportation service that meets the needs of the traveling public within the Northern California Sacramento-San Francisco Bay Area-Silicon Valley Megaregion.

As always, the CCJPA appreciates your leadership and is grateful for the continued support from BT&H. Please contact me with any questions at (510) 464-6993 or davidk@capitolcorridor.org.

Sincerely,


David B. Kutrosky
Managing Director

Enclosures

cc: CCJPA Board of Directors
Malcolm Dougherty, Caltrans – Director
Bill Bronte, Caltrans - Division of Rail

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BEFORE THE
CAPITOL CORRIDOR JOINT POWERS AUTHORITY
BOARD OF DIRECTORS

In the Matter of
Approving the State Fiscal Year 2013-14 – FY 2014-15
Business Plan Update for the Capitol Corridor Service
for the Capitol Corridor Joint Powers Authority /

Resolution No. 13-01

WHEREAS, the CCJPA staff have prepared a Draft FY 2013-14 – FY 2014-15 Business Plan Update (“Business Plan Update”), held a series of public workshops between January 28 and 31, and received comments, which, as appropriate, were incorporated into the draft document; and

WHEREAS, the Business Plan Update reflects a weekday train schedule that went into effect in August 2012 that optimized the service plan from 32 to 30 weekday train and reduced operating costs, and outlines a capital funding strategy to advance the CCJPA’s Capital Improvement Program (CIP) that includes the CCJPA’s involvement in the High Speed Train Blended Service Plan for Northern California , and builds upon the success of previous award-winning marketing campaigns/programs to raise the awareness of the Capitol Corridor “brand”; and

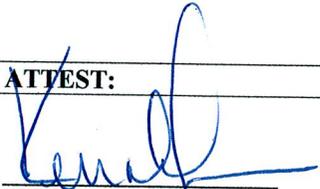
WHEREAS, the CCJPA Board acting for and on behalf of the Capitol Corridor Joint Powers Authority has prepared for the State of California Business, Transportation and Housing Agency (“BT&H”) a Business Plan Update for the Capitol Corridor Service for State FY 2013-14 – FY 2014-15 in the form appended hereto; and

WHEREAS, preparation and submission of the Business Plan Update to the Secretary of BT&H by April 1 of each year is mandated pursuant to the provisions of California Government Code 14070.4(b);

RESOLVED, that the CCJPA Board does hereby approve and adopt the FY 2013-14 – FY 2014-15 Business Plan Update for the Capitol Corridor Service.

AND BE IT FURTHER RESOLVED, that the CCJPA forthwith transmit a copy of this resolution to BT&H and Caltrans.

#

ACTION: ADOPTED	DATE: 2/20/2013	ATTEST:
Ayes: (11) Spering, Cohn, Holmes, Wolk, Campos, Blalock, Mallett, Batchelor, Rohan, Keller, Raburn		 Kenneth A. Duron Secretary
Noes: (0) None		
Abstain: (0) None		



**CAPITOL CORRIDOR
INTERCITY PASSENGER RAIL SERVICE
BUSINESS PLAN UPDATE
FY 2013-14 – FY 2014-15
MARCH 2013**



**PREPARED BY
CAPITOL CORRIDOR JOINT POWERS AUTHORITY**

**PREPARED FOR
STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY**

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EXECUTIVE SUMMARY

Introduction. This Business Plan Update presents an overview of the Capitol Corridor Joint Powers Authority’s (CCJPA) strategic plan and funding request for the next two fiscal years (FY 2013-14 and FY 2014-15), to be submitted to the Secretary of the Business, Transportation and Housing Agency (BT&H) in April 2013. It also outlines the service and capital improvements that have contributed to the Capitol Corridor’s success, identifies needed improvements to sustain its growth, and incorporates customer input as detailed in Chapter 263 of California State Law.

As administrator of the service, the CCJPA’s primary focus is the continuous improvement of the Capitol Corridor® train service through effective cost management, gaining share in the travel market, and delivering a customer-focused, safe, frequent, reliable, and green transportation alternative to the congested I-80, I-680, and I-880 highway corridors. The CCJPA is governed by a Board of Directors comprised of 16 elected officials from six member agencies along the 170-mile Capitol Corridor® route (see Figure 1-1):

FY 2013-14 IS A LANDMARK YEAR WITH THE INTRODUCTION OF A NEW AMTRAK NATIONAL PRICING POLICY THAT WILL STABILIZE OPERATING COSTS FOR THE CAPITOL CORRIDOR AND OTHER IPR SERVICES.

- Placer County Transportation Planning Agency (PCTPA)
- Solano Transportation Authority (STA)
- Yolo County Transportation District (YCTD)
- Sacramento Regional Transit District (Sac RT)
- San Francisco Bay Area Rapid Transit District (BART)
- Santa Clara Valley Transportation Authority (VTA)

History. The Capitol Corridor service began in December 1991 with six daily trains between San Jose and Sacramento. The CCJPA assumed management responsibility for the service in October 1998. Since then, it has grown into the third busiest intercity passenger rail service in the nation. In August 2006, the CCJPA expanded service by 33% from 24 to 32 weekday trains between Sacramento and Oakland, and 14 daily trains continuing on to San Jose. In August 2012 the CCJPA was able to utilize the reconfigured Sacramento station to optimize operational cost effectiveness and began running 30 daily round trips between Sacramento and Oakland, which resulted in nearly \$1 million in operating savings with no reduction in ridership or revenues.

Operating Plan. Using the Capitol Corridor’s share of these operating funds, the service optimization change in August 2012 associated with the Sacramento Railyards Relocation Project (Phase 1) and introduction of an infill station at Santa Clara University Station improved the cost effectiveness of the service. During FY 2011-12 Amtrak launched its e-Ticketing program, an initiative fostered by CCJPA and introduced in April 2012, ushering in a modern phase of customer convenience and will increasingly benefit operations. Enhancements for e-Ticketing to include multi-ride ticket purchases planned for FY 2012-13.

In FY 2013-14, Section 209 of the Passenger Rail Improvement and Investment Act of 2008 (PRIIA) will be implemented to ensure a pricing policy for Amtrak services on all State-supported Intercity Passenger Rail (IPR) routes under 750 miles in length. This policy will result in fair, transparent and equitable operating cost allocations and provide stabilization in operating costs for the Capitol Corridor. The impact of implementing the Section 209 Policy on the Capitol Corridor will result in an increase of \$1.996 million in FY14 operating costs compared to the current FY13 costs. The primary reasons for this 6% increase are (1) \$350,000 for Minor Capital Project support and (2) \$1.5 million for the annual Section 209 Policy Equipment Capital Charge for the use of Amtrak-owned equipment (locomotives and rail cars) to supplement the Northern California Intercity Passenger Rail fleet to support the service delivery plan.

Capitol Corridor Service	FY 2013-14	FY 2014-15
Sacramento – Oakland	30 weekday trains (22 weekend)	30 weekday trains (22 weekend)
Oakland – San Jose	14 daily trains	14 daily trains
Sacramento – Roseville	2 daily trains (with plans for up to 20)	2 daily trains (with plans for up to 20)
Roseville – Auburn	2 daily trains	2 daily trains
Total Budget (Operations, Marketing & Administration)	\$35,231,472	\$36,729,000
% Change vs. FY 2012-13	+6.0%	+10.5%

Performance Standards. CCJPA’s Vision Plan (slated for update in 2013) establishes Capitol Corridor’s prevailing ridership goals, system operating ratio and on-time performance (OTP) standards and strengthened partnerships with the service operators: the National Railroad Passenger Corporation (Amtrak®) and the Union Pacific Railroad (UPRR). Performance highlights include:

- Ridership increased 2% in FY 2011-12; to date, FY 2012-13 ridership has leveled off and is down 3.7 % (through February 2013).
- Revenue increased 9% in FY 2011-12; to date, FY 2012-13 revenue is up 2.0% (through February 2013).
- System operating ratio (a.k.a. farebox return) was 50% in FY 2011-12; to date the FY 2012-13 operating ratio is 51% (through February 2013) , primarily due to increased revenues.
- OTP improved to 94% in FY 2011-12, the best OTP in the Amtrak system, due to disciplined UPRR dispatching and track maintenance; to date (January 2013), FY 2012-13 OTP is at 94%, maintaining the stellar trend which began in 2009.

The table below summarizes the standards and results for FY 2011-12 and FY 2012-13 as well as the standards for the next two fiscal years (see Appendix C):

Performance Standard	FY 11-12			FY 12-13			FY 13-14	FY 14-15
	Actual	Standard	% Change	Actual	Standard	% Change	Standard	Standard
Route Ridership	1,746,397	1,800,828	-3.0%	693,470 (through 2/13)	737,826 (through 2/13)	-6.0%	1,764,000	1,782,000
System Operating Ratio (train and feeder bus)	50%	50%	-.-%	51% (through 2/13)	52%	-1.0%	52%	51%
On-Time Performance	94%	90%	+4.0%	94.2% (through 2/13)	90%	+4.2%	90%	90%

Capital Improvement Program. The CCJPA’s Capital Improvement Program (CIP) is consistent with regional and State of California transportation plans (e.g. Regional Transportation Plans, [RTPs] and Caltrans’ Statewide Rail Plan). The CIP includes projects aimed to increase reliability and capacity, build or renovate stations, add rolling stock, reduce travel times and enhance safety and security. The CIP projects also include projects CCJPA supports which are led by partner agencies.

For FY2013-14, the CCJPA will seek programmed funds to enhance and expand on-train and at-station bicycle access improvements to support the ever-growing sector of Capitol Corridor riders accessing the trains with their bikes. In 2012, the California High Speed Rail Authority introduced a revised Business Plan that introduced the Blended service and operations for early use of the CHSRA High Speed Train (HST) First Construction Segment (FCS) between Bakersfield and Fresno/Madera. The CCJPA is a participant in the working group that is focused on the Northern California implementation initiatives for this Blended Service Plan which includes the potential to advance projects that will support service frequency increases to Silicon Valley/San Jose. CCJPA is actively pursuing funding partners to implement projects that are necessary to support increased service to Placer County.

Marketing Strategies. The CCJPA’s marketing strategies for FY 2013-14 and FY 2014-15 will target markets with available seating capacity to raise awareness of transit connections, strategic partnerships, enhanced customer service, and amenities to attract and retain loyal riders. Another objective will continue to be building brand awareness of the Capitol Corridor.

Action Plan. CCJPA will continue to work as a key partner in the Northern California Blended Rail plan associated with the planned phasing for California’s HST network. Improvements are planned for bicycle facilities for FY 2013-14. In order to maintain and improve service reliability CCJPA will implement action plans to reduce Amtrak mechanical and third party delays which have become the largest contributors to service delay minutes. The CCJPA will work with our service delivery and marketing partners to maintain Capitol Corridor’s excellent customer satisfaction ratings and continue implementing security and safety measures. Together, these initiatives help to retain and increase ridership, thereby maintaining Capitol Corridor’s position as the nation’s premier intercity passenger rail service.

1. INTRODUCTION

This Business Plan Update modifies the CCJPA's report submitted to the Secretary of the Business, Transportation and Housing Agency (BT&H) every April. This Business Plan Update identifies the service and capital improvements that have contributed to the Capitol Corridor's growth during the past 14 years. It also incorporates customer input detailed in Chapter 263 of State Law that allowed for the transfer of the Capitol Corridor service to the CCJPA on July 1, 1998. As part of that transfer, the CCJPA is required to prepare an annual Business Plan that identifies the current fiscal year's operating and marketing strategies; capital improvement plans for the Capitol Corridor; and the funding request to the Secretary of BT&H for the CCJPA's operating, administrative, and marketing costs for inclusion in the State Budget proposal to the Legislature.

For FY13-14 CCJPA will continue the schedule introduced in August 2012 made feasible by the Sacramento Valley Station relocation of the passenger platforms and corresponding increased layover storage facilities. This schedule optimized the service plan by eliminating two underperforming weekday trains (reducing Oakland-Sacramento weekday service from 32 to 30 trains) while retaining ridership and increasing revenues. The service levels remain the same during the weekends between Sacramento and Oakland (22 trains) and for the section of the route between Oakland Jack London Square and San Jose (14 daily trains) and between Sacramento and Auburn (two daily trains). This schedule sets the stage to run a cost effective service moving forward as the PRIIA Section 209 pricing for IPR services from Amtrak comes into effect for FY 2013-14 and future years.

IN FY 12-13, THE CCJPA'S BUSINESS PLAN STRATEGY WAS TO OPTIMIZE THE SERVICE PLAN, AND REALIZE COST SAVINGS ENABLED BY THE UPGRADE TO THE SACRAMENTO STATION PLATFORMS AND TRACK INFRASTRUCTURE. FY 13-14 WILL CARRY FORWARD THOSE COST SAVINGS UNDER THE PRIIA SECTION 209 PRICING AND SET THE STAGE FOR EVEN GREATER OPERATING EFFICIENCIES.

The CCJPA is governed by a Board of Directors comprised of 16 elected officials from six member agencies along the 170-mile Capitol Corridor rail route (see Figure 1-1):

- Placer County Transportation Planning Agency (PCTPA)
- Solano Transportation Authority (STA)
- Yolo County Transportation District (YCTD)
- Sacramento Regional Transit District (Sac RT)
- San Francisco Bay Area Rapid Transit District (BART)
- Santa Clara Valley Transportation Authority (VTA)

As administrator for the Capitol Corridor, the CCJPA's responsibilities include overseeing day-to-day train and motorcoach scheduling and operations; reinvesting operating efficiencies into service enhancements; overseeing Amtrak's deployment and maintenance of rolling stock for the Capitol Corridor and San Joaquin trains; and interfacing with Amtrak and the UPRR on dispatching, engineering, and other railroad-related issues.

Presently, the Capitol Corridor serves 17 train stations along the 170-mile rail corridor connecting Placer, Sacramento, Yolo, Solano, Contra Costa, Alameda, San Francisco (via motorcoach), and Santa Clara counties. The train service parallels the I-80/I-680 highway corridor between Sacramento and Oakland, and I-880 between Oakland and San Jose. In addition, the Capitol Corridor connects outlying communities to the train service via a dedicated motorcoach bus network and partnerships with local transit agencies that assist passengers traveling to destinations beyond the train station.

Capitol Corridor services are developed with input from our riders, private sector stakeholders (such as Chambers of Commerce), and public sector interests (such as local transportation agencies), along with the entities who help deliver the Capitol Corridor service – Amtrak, UPRR, Caltrans, and the various agencies and communities that are along the Capitol Corridor.

In February 2012, the CCJPA took initial steps to update the 2005 Vision Plan, which identifies short- and long-term goals to guide the operating and capital development plans of the Capitol Corridor during the next five to 20 years. Concurrent development of the Northern California HST Blended Passenger Rail initiative, a move to unify IPR and commuter passenger rail service in preparation for the planned California High Speed Rail system, introduced a new dimension to

**Figure 1-1
Map of Capitol Corridor Service Area**



the update of the Vision Plan. The parameters of the Northern California Blended IPR system appear to be advancing in such a way to assist the CCJPA's update of its Vision Plan and release an updated version in 2013.

2. HISTORICAL PERFORMANCE OF THE SERVICE

On December 12, 1991, the State of California Department of Transportation (Caltrans) and Amtrak initiated the Capitol Corridor intercity train service with six daily trains between San Jose and Sacramento. In 1996, legislation was enacted to establish the CCJPA, a partnership among six local transportation agencies to share in the administration and management of the Capitol Corridor intercity train service.

In July 1998, an Interagency Transfer Agreement (ITA) transferred the operation of the Capitol Corridor service to the CCJPA for an initial three-year term. The CCJPA now operates and manages the Capitol Corridor service through an operating agreement with Amtrak. In July 2001,

the ITA was extended for another three-year term through June 2004. In September 2003, legislation was enacted that eliminated the sunset date in the ITA and established the current, permanent governance structure for the CCJPA.

Appendix A presents an overview of the financial performance and ridership growth of the Capitol Corridor service since its inception in December 1991.

3. OPERATING PLAN AND STRATEGIES

The CCJPA aims to meet the travel and transportation needs of Northern Californians by providing safe, frequent, reliable, and environmentally-friendly Capitol Corridor intercity train service.

Train Service and Recent Expansions

In response to growing demand, the CCJPA expanded service in October 2002, January 2003, and April 2003 to achieve a schedule of 24 weekday trains between Sacramento and Oakland, using the same State budget allocated for 18 daily trains. In August 2006, with another flat

budget allocation, the CCJPA increased service to 32 weekday (22 weekend day) trains between Sacramento and Oakland, and 14 daily trains between Oakland and San Jose. This 33% expansion was made possible with the completion of Phase 1 of the Oakland-to-San Jose track improvements and the Yolo Causeway second main track (completed in February 2004).

Together, these projects contributed to a 10-minute reduction in travel time between Sacramento and Oakland, in addition to more frequent service.

THE BENEFITS OF THESE SERVICE EXPANSIONS, CORRESPONDING TRACK CAPACITY IMPROVEMENTS AND TRAIN EQUIPMENT ACQUISITIONS HAVE ENABLED THE CAPITOL CORRIDOR TO INCREASE MARKET SHARE AND SUSTAIN SIGNIFICANT GROWTH IN RIDERSHIP (+277%) AND REVENUES (+374%) DURING THE PAST 14 YEARS.

The success of the August 2006 service expansion has highlighted the need to increase service frequencies to San Jose/Silicon Valley and Placer County. Expanding this hourly train service to and from San Jose and Placer County will require additional rolling stock and further track capacity improvements (see Section 4). Absent these expansions, the sole means to increase ridership is through (1) further optimizations of the service plan/train schedule and (2) securing additional rolling stock that will increase seating capacity by

adding more rail cars to the existing scheduled trains. These expansion plans are integral to Capitol Corridor's portion of the Northern California HST Blended service planning effort begun in 2012.

In 2012, Caltrain completed its renovations of its Santa Clara/University Station, adding a new, Capitol Corridor stop, opening up new travel markets to/from another international airport (Mineta/San Jose International Airport) and a fifth large-scale university (Santa Clara University).

The benefits of these service expansions, corresponding track capacity improvements and train equipment acquisitions have enabled the Capitol Corridor to increase market share and sustain significant growth in ridership (+277%) and revenues (+374%) during the past 14 years. These expansions have propelled and solidified Capitol Corridor's status as the third busiest route in the Amtrak national system.

Motorcoach Service and Transit Connections

To supplement train service, the Capitol Corridor provides dedicated motorcoach bus connections to San Francisco and communities along the Central Coast region south of San Jose and east of Sacramento (South Lake Tahoe and Reno, NV). In addition, the CCJPA partners with local transit agencies to offer expanded options for transit connections throughout the corridor. Currently, the train service connects with the BART system at the Richmond and Oakland Coliseum stations; Caltrain service (Gilroy – San Jose – San Francisco) at San Jose Diridon Station; the Altamont Commuter Express service (Stockton – Livermore – San Jose) at the Fremont/Centerville, Great America/Santa Clara, and San Jose Diridon stations; San Joaquin intercity trains at the Oakland Jack London, Emeryville, Richmond, Martinez and Sacramento stations; VTA light rail at Great America and San Jose Diridon stations; and Sacramento RT light rail at Sacramento Station. Together with these local transit systems, the Capitol Corridor covers the second-largest urban service area in the Western United States.

The CCJPA offers several programs to enhance transit connectivity. BART tickets are sold at a 20% discount onboard the Capitol Corridor trains to facilitate transfers to BART at the Richmond and Oakland Coliseum stations. The Transit Transfer Program allows Capitol Corridor passengers to transfer free of charge to participating local transit services, including AC Transit, Sacramento RT, Rio Vista Delta Breeze, E-Tran (Elk Grove), Yolobus, Unitrans, County Connection (Martinez), Santa Clara VTA, Fairfield and Suisun Transit, Benicia Breeze and WestCAT. The CCJPA reimburses the transit agencies for each transfer collected as part of our operating expenses. There is also a joint ticketing arrangement with Placer Commuter Express and Roseville Transit. CCJPA also partners with Santa Cruz Metro and Monterey-Salinas Transit to share operating costs for the benefit of both agencies and their riders.

FY 2012-13 Operating Plan

The CCJPA's operating plan for FY 2012-13 is based on the August 13, 2012 timetable schedule which reduced two weekday trains that was made possible with the completion of the Sacramento Railyards Relocation Project (Phase 1). This service plan optimized the performance of the Capitol Corridor while also addressing limited financial (operating and capital) support from the State. The trains are maintaining ridership levels with growth in revenues. In order to implement this service optimization plan, the CCJPA redeployed the trainsets used in the morning, which reduced the weekday service levels from 32 trains (16 round trips) to 30 trains (15 round trips) by eliminating a low performing Oakland-to-Sacramento morning train (Train #518 – approximately 20 riders per weekday) and merging two, late weekday evening Sacramento-to-Oakland trains into one trip. An existing Davis to Sacramento Amtrak Thruway bus scheduled to begin its trip at Martinez took up the service for the eliminated train #518. The bus serves the Martinez and Suisun/Fairfield stations, as well as the current Davis and Sacramento stations and provides a connection to San Joaquin train #702 to Bakersfield. This rationalization offset steep increases in diesel fuel prices, while ensuring the continued operation of high-performing trains.

- Sacramento – Oakland: 32 weekday trains reduced to 30 weekday trains in August 2012 (22 weekend day trains)
- Oakland – San Jose: 14 daily trains
- Sacramento – Roseville – Auburn: 2 daily trains

FY 2013-14 and FY 2014-15 Operating Plan

FY 2013-14. The corresponding CCJPA's operating plan for FY 2013-14 will continue the service optimization course set forth in August 2012

- Sacramento – Oakland: 30 weekday trains (22 weekend day trains)
- Oakland – San Jose: 14 daily trains
- Sacramento – Roseville – Auburn: 2 daily trains

CCJPA SERVICE OPTIMIZATION PLANNING FOR FY 13-14 WILL EXAMINE CREW AND EQUIPMENT TURNS TO DELIVER AN EVEN MORE COST EFFECTIVE SERVICE PLAN WHILE INCREASING RIDERSHIP.

Service optimization to deliver a more cost effective operating plan will be a focus of FY 2013-14. An in-depth assessment of crew and equipment turns is in motion and if deemed feasible and effective in driving more ridership, the CCJPA would consider a revised service schedule during the fiscal year. As well, the CCJPA can also pursue cost effective service expansion opportunities as capital funding is made available. For instance, expansion of service to Placer County would represent a cost effective service expansion since the incremental costs are minimal compared to the anticipated ridership benefits.

FY 2014-15. The CCJPA's operating plan for FY 2014-15 will remain the same as for FY 2013-14.

The passage of Proposition 22 (in the November 2, 2010 State ballot) protected all State funds designated for public transportation services (including the State's IPR Program). With that operating stability and the implementation of PRIIA Section 209 pricing, the next few years promise to be an era of financial sustainability from the operations perspective, aside from the usual fuel and railroad track access increases.

4. SHORT- AND LONG-TERM CAPITAL IMPROVEMENT PROGRAM

The CCJPA has developed a Capital Improvement Program (CIP) in partnership with the UPRR, Amtrak and the State, which will be used to continuously improve the Capitol Corridor's reliability, travel times, on-time performance and safety/security. Since the inception of the Capitol Corridor service, nearly \$987 million from a mixture of funding sources has been invested to purchase rolling stock, build or renovate stations, upgrade track and signal systems for increased capacity, and construct train maintenance and layover/storage facilities. After several years of State budgetary delays, modest levels of State capital funds are helping to implement several projects. A crucial project, almost an ongoing capital need, is continued support for Capitalized Maintenance (\$1 million), which maintains track in a condition to ensure high on-time performance. The other funding, arriving just in time to respond to the demand for at-station bicycle facilities, is \$580,000 for secure bicycle parking improvements at stations. The CCJPA will begin using a portion of \$3.35 million to support final engineering design for a series of track improvements between Oakland to San Jose. This project is on a scale such that even State transportation bonds (Proposition 1A - \$47.5 million) coupled with the remainder of the \$3.35 million is insufficient to fully fund the planned improvements. This project has been planned but also underfunded since 2005 and is now incorporated into the Blended Northern California system associated with the early phase of implementing the California High Speed Rail network. But as of yet, there is no funding identified, State or federal, to overcome the funding gap for these large track infrastructure projects.

The status of short and long term capital funding is characterized by rising uncertainty from year to year. Historically, the State has been the primary funding source for capital projects through the State Transportation Improvement Program (STIP), a biennial transportation funding program, and periodic general obligation bonds (Propositions 108, 116, 1A, and 1B). Special programs or direct project allocations from the State, such as the Traffic Congestion Relief Program (TCRP), or regional funds, such as Bay Area Regional Measure 2 (RM-2), have

BASED ON FUNDING ALLOCATION DECISIONS MADE AT THE STATE AND FEDERAL LEVEL, IT IS LIKELY THAT THE CCJPA'S CAPITAL IMPROVEMENT PROGRAM WILL BE DELAYED YEARS IF NOT DECADES.

periodically supplemented these sources. Of the tentative funds the CCJPA secured, the bulk of these funds are Proposition 1A, the High Speed Rail Bond, which were originally intended to be CCJPA's portion of funding to implement projects that would support intercity passenger rail connections to the planned California High Speed Rail system. The CCJPA further intended to use these funds as matching funds to the Federal Railroad Administration (FRA) administered High Speed Intercity Passenger Rail program – a program which would provide the basis for CCJPA to achieve the capital improvements necessary to expand service between Oakland and San Jose and also to Roseville.

CCJPA and its partners were successful with three grant projects from the first year of the five year program. At the federal level, HSIPR funding has been zeroed out in FY 2011 and onward and there is no clear picture if HSIPR might continue in another form beyond its sunset date of FY 2015. A prior era where track infrastructure investments resulted in CCJPA's August 2006 service expansion from 4 to 7 round trips between Oakland to San Jose and the Yolo Causeway were vital to building ridership and a viable alternative to driving. Since those projects were completed, there has been a dearth of capital funding to realize similar project benefits.

At the federal level, there was no IPR program support in the recently adopted federal surface transportation bill (MAP-21) and thus the only eligible funds which could have supported IPR were integrated into the highly competitive TIGER funding program. The City of Sacramento was successful in obtaining some TIGER funding for the Phase 2 rehabilitation of the Sacramento Depot building. With the MAP-21 bill being only a two-year bill, the opportunity to shape the next federal surface transportation bill is ramping up for passenger rail interests.

Given Capitol Corridor's CIP, what few opportunities there are for funding at both the State and federal level it will take decades to amass enough funding to fully support the CIP. CCJPA is not alone in this predicament. Recently the California Transportation Commission (CTC) completed its needs assessment for California's transportation infrastructure. The study noted California transportation network currently has \$295.7 billion in unfunded capital program needs, which has

been drawing attention in that investment in transportation helps create jobs and improve goods movements and make sure that California (the world's 7th largest economy) remains competitive in today's global market.

Regardless, it has always been CCJPA's philosophy to maintain a CIP which can serve as a blueprint for the future. A list of CIP projects that have been completed or are currently underway is included in Appendix B.

Current Capital Improvements (FY 2011-12 – FY 2012-13)

Improvements during FY 2011-12 and FY 2012-13 do not include any major service frequency improvements due to the nature of available funding but do include some very key smaller scale projects. Cost savings from prior capital projects were both permitted by the California Transportation Commission (CTC) to be reinvested into projects implemented during FY 2011-12 and FY 2012-13 period. The first funded the second phase of ongoing capitalized track maintenance (funding for some aspects of this project will be ongoing through January 2013), which eliminates slow orders and helps maintain high on-time performance. The second one initiated free "Wi-Fi" access to passengers and on ongoing series of upgrades to that system such as switching some of the existing 3G service to 4G. Not only did free "Wi-Fi" service meet the expressed needs of existing passenger, a UC Davis study focusing on Capitol Corridor service indicates it was responsible for a 2.7% growth in trips. Wi-Fi also fulfills service needs as it provides the basis for wireless operational applications that can utilize the network.

Other current capital programs include projects implemented with Proposition 1B funding provided by the California Emergency Management Agency (CalEMA), a initial design and environmental project for future service expansion to Roseville, and the next \$1 million phase of Capitalized Maintenance to support projects that will maintain a high level of reliability for the Capitol Corridor. Proposition 1B awards support safety and security projects and CalEMA obligates \$1.9 million per year for the Capitol Corridor, which are used with specially identified Transit Safety and Security funds. Projects funded in this area include station security cameras and perhaps most importantly, right-of-way security fences, which help reduce the incidence of trespassing in the area of the tracks. A \$3.5 million initial design and environmental documentation process is underway for the Roseville Third Main Track. This involves a plan to increase service to 20 daily trains serving Roseville and will likely involve a relocation of the Roseville station. Capitalized maintenance funding will ensure that the surfacing gangs which work on monthly basis will continue for another several years, thus ensuring high on-time performance through the elimination of track slow orders.

Key projects completed (by partners) or underway (by CCJPA) funded by federal sources are those which were supported by \$29.2 million of the initial \$8 billion phase of the HSIPR program. CCJPA supported its partners at the City of Sacramento and Caltrain, who applied for Track 1 ("shovel-ready") HSIPR-ARRA funding with the Federal Railroad Administration. These funds did not require a State or local match. The Sacramento Rail Relocation project opened August 2012 (and permitted CCJPA's service optimization plan to be implemented) and San Jose Station Improvements were completed in February 2012. The third HSIPR grant was for the CCJPA's Yolo West Crossover which began construction in the late summer of 2012. See Table 4-1 for all projects underway or programmed.

**Table 4-1
Programmed/Underway Projects (\$ million)
Capitol Corridor**

CCJPA Sponsored Projects	Programmed/Underway	Budget	Funding Sources ¹	Description/benefits
Yolo West Crossover	Underway	\$5.00	HSIPR (federal funding)	Provides crossover point which will allow greater dispatching capability and increase track capacity
Sacramento to Roseville Third Main Track	Underway	\$3.53	RTIP/IIP	Environmental and initial design for a third main track between Sacramento and Roseville
Wireless Network Installation	Underway	\$4.45	Prop 1B ICR	WiFi launched 11/28/11 with balance of funds being used to enhance bandwidth
Capitalized Maintenance Ph 2	Underway	\$2.50	Prop 1B ICR	A track maintenance upgrade and enhancement program to retain high OTP
Capitalized Maintenance Ph 3	Underway	\$1.00	STIP	A track maintenance upgrade and enhancement program to retain high OTP
Sacramento to Roseville Third Main Track Construction (Phase 1A)	Programmed	\$15.80	Prop 1A HST	Partial funding to implement an initial phase for eventual service expansion
Oakland to San Jose Track Improvements (Phase 2A)	Programmed	\$50.85	Prop 1A HST	Partial funding to implement the first set of projects in the second phase of eventual service expansion.
Bicycle Lockers/Parking Program for Stations	Programmed	\$0.58	STIP \$25K/FY13; \$556K/FY14	Program for adding bicycle storage at stations along the route
Positive Train Control	Programmed	\$35.00	Prop 1B TSS	CCJPA share (\$12M) enhances UPRR installed PTC system
SUB-TOTAL		\$118.71		
¹ All funding sources from the State of California unless noted				
Projects Sponsored by Others	Sponsor & Programmed/Underway	Budget	Funding Sources	Description/benefits
Fairfield-Vacaville Station	City of Fairfield/City of Vacaville Underway	\$44.00	Various local, regional, State and Federal sources	Build a new station at Peabody Road in the Fairfield-Vacaville area, including parking, platform, and other station amenities
Cab Car Conversion	Caltrans Underway	\$8.30	State and federal sources	Converts the cab cars to create storage for 13 bicycles and/or luggage
Sacramento Station Platform Relocation	City of Sacramento Underway	\$70.95	Various sources including \$6.2M in HSIPR funding	Track and platform relocation setting the stage for extensive Sacramento Station upgrades, opening in 2012
Sacramento to Roseville Third Main Track	PCTPA Programmed	\$3.00	RTIP/IIP	Initial construction funding for a third main track between Sacramento and Roseville
New Rolling Stock	Caltrans Underway	\$54.00	Prop 1B ICR, HSIPR (federal funding)	Funds the addition of 10 cars and 2 locomotives for use in CCJPA operations
On-Board Passenger Information System (PIS) - Wireless Network component	Caltrans Underway	\$17.00	Prop 1B TSS	Funds the wireless network build which is a component of the OTIS planned for the future
SUB-TOTAL		\$197.25		
TOTAL		\$315.96		
Legend: TSS = CA Prop 1B Transit System Security; HST = CA Prop 1A High Speed Train; HSIPR = High Speed Intercity Passenger Rail; ICR=Prop 1B Intercity Rail				

Short-Term Capital Improvements (FY 2013-14 – FY 2016-17)

The CCJPA's most valuable short term capital investment will be to continue the investment in capitalized track maintenance. This program plays a large role to ensure Capitol Corridor service is the top on-time performing intercity passenger rail service in the nation. Even though \$1 million was provided in FY 2012-13, by FY 2014-15 a phase four of Capitalized Maintenance will have to be identified or CCJPA will risk a significant drop in on-time performance.

Service Expansion

Starting in 2004, there has been a significant decrease in the amount and type of capital funding available to complete a series of track infrastructure projects that can result in service expansion.

CALTRANS WAS SUCCESSFUL IN BRINGING TOGETHER HSIPR PROGRAM FUNDING (\$168 MILLION) AND \$42 MILLION IN STATE PROP 1B FUNDS TO ACQUIRE ADDITIONAL ROLLING STOCK. THE LEADERSHIP OF CALTRANS DIVISION OF RAIL TO ASSEMBLE THESE FUNDING SOURCES WILL DIRECTLY BENEFIT CCJPA AS 10 NEW PASSENGER CARS AND TWO NEW LOCOMOTIVES WILL BE ASSIGNED TO THE CAPITOL CORRIDOR.

CCJPA's goals are to expand service into Placer County as well as between Oakland and San Jose. The CCJPA's strategy is to remain poised to utilize any funding at the State or federal level should any bond sales, funding or new programs as announced which could support these service expansions. During FY 2010, the CCJPA, working with Caltrans, made programming commitments approved by the CTC for the dedicated \$47.5 million in Proposition 1A funding toward track capacity/service expansion projects between Oakland and San Jose. \$15.8 million (a one-third share of the \$47.5 million split between the three State IPR services) was programmed in "competitive" Proposition 1A funding toward service expansion in the Sacramento to Roseville territory. State programming capacity only made the \$47.5 million available in the coming years, however, even with that capacity, the overall Oakland to San Jose Phase 2 project is significantly underfunded and funding a partial completion of the project yields no service expansion benefits – all elements need to be

completed to realize enough track capacity to expand Capitol Corridor service. The Oakland to San Jose Phase 2 service expansion projects are part of the Northern California Blended Rail system concept. The Northern California Blended Rail team has formed a subcommittee to explore what funding opportunities can be created to fund the entire Blended Rail system.

In FY 13, the CCJPA was nearly successful in realizing a funding plan for service expansion to Placer County (from two daily trains to four daily trains) but ultimately, the financing of this project using public and private funding was not able to be achieved. The fundamental public and private partnership remains intact but would require identification of the proper capital funding sources to realize the project. As things stand, the CCJPA will remain poised to realize this service expansion project if circumstances change in the future.

Additional New Cars and Locomotives

Caltrans, owner of the rolling stock, awarded a contract to a builder of new bi-level passenger rail cars in late 2012. The funding is comprised of the federal HSIPR program (\$168 million) and \$42 million in Prop 1B funds to acquire additional rolling stock. This added rolling stock, in about 3 to four years time, will directly benefit CCJPA as 10 new passenger cars and two new locomotives will be assigned to the Capitol Corridor.

Positive Train Control

Another crucial short-term capital project is implementation of Positive Train Control (PTC). Federal law requires that a PTC system be in place by 2015. Caltrans Division of Rail (as owner of the rail cars and locomotives) is now actively installing on-board PTC equipment on the cab control cars and locomotives. The UPRR and Caltrain (as railroad owners) have begun to install wayside PTC equipment along their respective railroad tracks. The CCJPA plans to utilize some of the in Proposition 1B Transit Safety/Security funds as a possible source for the CCJPA's share of wayside PTC installation.

Long-Term Capital Improvements (FY 2017-18 – FY 2021-22)

The long-term projects (shown in Table 4-2) achieve service expansion goals, maintain infrastructure to support prior capacity expansion projects, as well as improve safety and operations through the building of grade separations and additional infrastructure-based upgrades. In this time horizon, with service planned for 2018, are the projects included in the Northern California Blended High Speed Rail program. There are also plans being discussed with the Transportation Authority for Monterey County (TAMC) to extend two trains to Salinas once service to San Jose reaches 22 weekday trains. TAMC and CCJPA are actively working on a capital, funding, and governance program that can be taken to the respective Boards for approval.

THE CAPITOL CORRIDOR'S RIDERSHIP GROWTH BENEFITS THE ENVIRONMENT BY REDUCING AIR POLLUTION AND GREENHOUSE GAS EMISSIONS. IN FY 2011-12 THIS WAS NEARLY 45,000 TONS OF REDUCED CO₂.

Unfortunately, until the uncertainty of capital funding at State and federal levels is resolved, the CCJPA is unable to identify any sufficient or reliable funding sources that could support service expansion implementation. The planned update of the CCJPA Vision Plan that will guide the long-term (as well as medium-term) service plan for the Capitol Corridor will create the framework for future capital investments but not resolve funding gaps.

Grade separations will continue to rank high on the list with both CCJPA and UPRR. Scarce funding opportunities for these important safety and operational improvements have meant that very few communities along the route can effectively marshal the resources to plan for eliminating grade crossings or constructing separations, much less pay for them. CCJPA has identified high-priority grade separation projects, but as with many rail operators and communities, uncertainty in State spending has made it difficult to predict and secure funds to address them.

**Table 4-2
Service Maintenance and Expansion Projects (\$ million)
Capitol Corridor**

SERVICE MAINTENANCE & EXPANSION PROJECTS (complete within 2-10 Years)				
CCJPA Sponsored Projects	Budget	Potential Funding Sources	Description/benefits	Status
Donner Pass Improvements for Placer County Service Expansion	\$51.00	UPRR, State funding sources	Capacity upgrades permitting one additional round trip to Auburn; resulting revenue and ridership increase	Public/private partnership project awaiting financing plan
Oakland to San Jose Track Improvement Program Phase 2	\$313.60	State (Prop 1B, 1A), federal (HSIPR), and various Federal, State, and Local funds (matched already with \$47.5M in Prop 1A shown in table 4-1 and other potential matching funds based on project partnerships)	Program of track improvements (primarily adding second main tracks or connecting sidings) benefiting addition of service capacity between Oakland and San Jose which includes a new Union City Station (Union City station project to be managed by Union City)	Full project funding gap is extensive and will require a significant source of local, State, or federal funding to be realized. Also part of the Blended HST program.
Roseville-Sacramento 3rd Main Track	\$270.00	Various Federal, State (STIP (IIP/RIP)) with \$3M in STIP-RIP and \$15.8M in Prop 1A (see table 4-1)	Program of track improvements in Placer County to allow increased service capacity	Full project funding gap is extensive and will require a significant source of local, State, or federal funding to be realized
Capitalized Maintenance Phase 4	\$8.00	State and/or future federal funding	Tie tamping and general track maintenance \$2M/year for four years	Top project selected given longer term STIP projections for State IPR program
SUB-TOTAL	\$642.60			
Projects Sponsored by Others	Budget	Potential Funding Sources	Description/benefits	Status
Hercules Station	\$50.00	Various federal, State, and Local sources	New station at Hercules	Full station funding plan required for CCJPA Board adoption; potential for 2013 adoption
Union City Station and Track Improvements	\$221.00	Various federal, State, and Local sources	New station at Union City with BART station and also track infrastructure/grade separation project	Significant funding hurdles in place for project; with HSIPR program diminished, CCJPA does not have much access to capital funding as a partner
SUB-TOTAL	\$271.00			
ALL PROJECTS COST TOTAL	\$913.60			

Capitol Corridor's service expansion plans (up to 4 trains Sacramento to Auburn, up to 20 trains Sacramento to Roseville, 30 trains between Sacramento and San Jose, and up to 4 trains between San Jose and Salinas) are all based around a series of capital investments which build from the existing service and its operating characteristics in place today. A future generation of capital investments that could support much higher track speeds, greater frequency in core markets, and perhaps involve a different type of rolling stock would be needed to take Capitol Corridor service to the next level. Those investments involve dedicated passenger rail tracks between Sacramento and the Bay Area and inclusion of a replacement higher elevation railroad bridge across the Carquinez Strait, and a likely new alignment from Martinez to Richmond that connects with a higher approach from a replaced railroad bridge and a routing that avoids the current exposure to anticipated higher rising tides on the current route. These costly capital solutions would likely be required when and if a vastly enhanced Capitol Corridor route between Sacramento and the Bay Area is deemed a necessary public investment.

The CIP is consistent with the Regional Transportation Plans (RTPs) adopted by MTC) SACOG, PCTPA, Caltrans' 10-Year Statewide Rail Plan and Amtrak's Strategic Corridors Initiative. Each

RTP includes a list of anticipated projects and cost estimates for a 25-year planning horizon. When possible, the CCJPA will share costs and coordinate with other rail and transit services on station and track projects.

5. PERFORMANCE STANDARDS AND ACTION PLAN

The CCJPA's management program for the Capitol Corridor utilizes a customer-focused business model approach. It emphasizes delivering reliable, frequent, safe and cost-effective train service designed to sustain growth in ridership and revenue. During the past 15 years, ridership has trended upward by providing a viable, transport alternative to the parallel congested I-80/I-680/I-880 highway corridors that is competitive in terms of travel time, reliability and price.

CAPITOL CORRIDOR ENDED THE FISCAL YEAR AT 94% FOR ON-TIME PERFORMANCE (OTP). THE PRIMARY REASONS FOR THE HIGH LEVEL OF OTP IS AN EFFECTIVE CAPITALIZED MAINTENANCE PROGRAM AND UPRR'S COMMITMENT TO DISCIPLINED DISPATCHING TO KEEP THE CAPITOL CORRIDOR AND FREIGHT TRAINS OPERATING RELIABLY.

In addition to the typical performance metrics, it is worth examining the environmental impact of the Capitol Corridor's success and growth. The Capitol Corridor's ridership growth benefits the environment by reducing air pollution and greenhouse gas emissions. In California, approximately 58% of greenhouse gas emissions come from the transportation sector. Based on profiles of the Capitol Corridor rider from on-board surveys and the nearly 1.75 million riders in FY 2011-12 (see Table 5-1), the Capitol Corridor generated nearly 121 million passenger miles, which corresponds to over 91 million vehicle miles traveled (VMTs) removed from Northern California highways. This presumes that most trips replaced are automobile trips. The availability of the Capitol Corridor train service prevented roughly 44,930 tons of carbon dioxide from entering the atmosphere in FY 2012. In addition, the State-owned

fleet of locomotives is undergoing a retrofit program to exceed the latest federal emission standards and increase fuel efficiency.

The CCJPA develops performance standards for the Capitol Corridor service pursuant to State legislation that measures usage (ridership), cost efficiency (system operating ratio), and reliability (on-time performance). Table 5-1 summarizes the standards and results for FY 2011-12 and FY 2012-132 through January 2013, as well as the standards for the next two fiscal years. Appendix C shows the measures used to develop standards for two additional years through FY 2016-17.

**Table 5-1
Performance Standards for Capitol Corridor Service**

Performance Standard	FY 11-12			FY 12-13			FY 13-14	FY 14-15
	Actual	Standard	% Change	Actual	Standard	% Change	Standard	Standard
Route Ridership	1,746,397	1,800,828	-3.0%	693,470 (through 2/13)	737,826 (through 2/13)	-6.0%	1,764,000	1,782,000
System Operating Ratio (train and feeder bus)	50%	50%	-.%	51% (through 2/13)	52%	-1.0%	52%	51%
On-Time Performance	94%	90%	+4.0%	94.2% (through 2/13)	90%	+4.2%	90%	90%

FY 2011-12 Performance Standards and Results

The service plan for FY 2011-12 maintained the service expansion that was initiated on August 28, 2006 with 32 weekday trains (22 weekend day) between Sacramento and Oakland and 14 daily trains between Oakland and San Jose (service between Sacramento and Roseville/Auburn remained at 2 daily trains) until August 13, 2012 when a reduced service plan of 30 weekday trains (22 weekend day) was initiated based on a service optimization plan possible after the relocated Sacramento Valley Station platforms were ready. The service optimization eliminated an underperforming early morning train headed to Sacramento and combined two later evening trains from Sacramento and saved approximately \$1 million in operating costs. CCJPA is operating the maximum level of service attainable between San Jose and Sacramento/ Auburn with the current rolling stock and trainsets available and assigned to the Capitol Corridor, as well as the maximum train frequency approved by the UPRR and Caltrain.

FY 2011-12 was a record-setting year for the Capitol Corridor for ridership, revenues, and again attained the nation's number one on-time performance (reliability). A recovering regional economy plus high service reliability helped to retain and grow ridership and increase the

attractiveness of the Capitol Corridor as a viable, safe, frequent, customer-focused public transport service linking the three metropolitan regions in Northern California. Of special merit was the on-time performance, which ended the fiscal year at 94% and continued to make the Capitol Corridor the most reliable train route in the Amtrak system. The primary reasons for the high level of OTP is an effective capitalized maintenance program and UPRR's commitment to disciplined dispatching to keep the Capitol Corridor and freight trains operating reliably.

In FY 2011-12:

- Ridership set a record at 1.75 million riders, an increase of 2% over the prior FY.
- Revenue also set a record at \$29.4 million, a 9% improvement over FY2010-11.
- System operating ratio (a.k.a. farebox return) was 50%, improving on the 48% ratio in FY 2010-11.
- On-time performance (OTP) was an impressive 94%, keeping the Capitol Corridor as the most reliable IPR service in Amtrak's national system.

FY 2012-13 Performance Standards and Results to Date

The CCJPA, in cooperation with Amtrak and Caltrans, developed the FY 2012-13 standards based on ridership, revenue, and operating expenses identified in the current FY 2012-13 CCJPA/Amtrak operating contract. These standards are presented in Table 5-1.

Ridership. Year-to-date (through February 2013) ridership is 3.7% below last year and 6.0% below business plan projections due to a variety of factors, including lower weekend travel, weekday ridership declines on mid-day trains, and declines in Placer County travel.

Revenue. Year-to-date (through February 2013) revenue is 2.0% above last year and 3.6% below business plan projections.

System Operating Ratio. Year-to-date (through February 2013) system operating ratio (total revenues divided by fixed and variable operating costs, a.k.a. farebox return) is 51%, slightly below the FY2012-13 standard of 52%.

On-Time Performance (OTP). Year-to-date (through January 2013) OTP is 94%, which is above the 90% standard and maintains the Capitol Corridor service as the most reliable train route in the Amtrak system.

FY 2013-14 and FY 2014-15 Performance Standards

Table 5-1 provides the preliminary performance standards for FY 2013-14 and FY 2014-15. Appendix C shows the measures used to develop the performance standards. The FY 2013-14 and FY 2014-15 and future operating costs were developed using PRIIA Section 209 pricing, which stipulates that all state-financed, Amtrak-operated intercity passenger rail (IPR) routes under 750 miles

shall be priced by Amtrak in a fair and equitable manner. During FY 2012-13 CCJPA staff have been focused working with Amtrak and affected states to ensure effective and timely implementation of the Section 209 operating pricing policy. This attention to detail ensures that the accounting and allocation of these costs are transparent and the CCJPA and the State will receive the best value for the IPR service provided by Amtrak.

FY 2013-14 Action Plan

For FY 2013-14, the CCJPA will focus on maintaining and improving an already successful service and implement doubling service frequency to/from Placer County pending a TCIF allocation. In terms of performance and customer satisfaction the CCJPA will continue to strive for even higher levels of service performance with a focus on implementing capital funded initiatives surrounding bicycle access consistent with CCJPA's adopted Bicycle Access Plan. The following actions attempt to meet or exceed the established performance standards and provide exceptional service to the public traveling on the congested I-80/I-680/I-880 transportation corridor.

1Q FY 2013-14

- Update CIP and funding sources based on programming capacity in the State FY 2013-14 budget

BICYCLE STORAGE DEMAND ON THE CAPITOL CORRIDOR TRAINS HAS OUTSTRIPPED THE CAPACITY TO MEET THAT DEMAND. IN FY 2012-13, THE CCJPA WILL IMPLEMENT AN UPDATED ON-TRAIN BICYCLE PROGRAM AND MEASURES TO INCREASE ON-TRAIN AND SECURE STATION BICYCLE CAPACITY.

- Obtain an allocation for programmed funding for at-station secure bicycle facilities and a folding bicycle lease program
- Host a State-focused intercity passenger rail summit that builds a program to develop a stable capital funding program as an action item from the summit
- Advance further into the environmental documentation process for the Roseville Third Main Track initial design and environmental documentation process
- Continue to facilitate the Northern California HST Blended Rail service program in future capital and service planning efforts
- Continue participation in Amtrak's national procurement process for selection of a vendor for on-train public information systems (OBIS)
- Develop Amtrak operating contract for FY 2014 that implements PRIIA Section 209 pricing policy
- Increase the bi-annual on-train performance surveys to a program of quarterly performance surveys designed to give a more accurate picture of service performance than existing methods
- Initiate the first of biannual surveys for on-train bicycle storage and at-station bicycle needs
- Obtain direct data links with Amtrak ticketing, including e-Ticketing data, delay reporting, and food service databases and enhance performance tracking and improve service delivery
- Seek marketing and promotional partnerships to leverage added value and/or revenues
- Monitor and expand the programs with transit agencies to improve connectivity between the trains and local transit services
- Work with Amtrak to implement Bluetooth printers for seat check receipts for on-train e-Ticketing validation

2Q FY 2013-14

- Initiate with Amtrak the development of multi-ride e-Ticketing for monthly and 10-ride/45 day tickets and develop a program to meet ticketing needs for small-groups
- Procure and enter into contracts with a selected at-station bicycle storage vendor and a folding bicycle lease vendor
- Evaluate measures to improve train and motorcoach bus performance, including modifications to the service
- Working with Caltrans and UPRR on an implementation plan to implement the trackside and on-train hardware to support the installation of the PTC signal safety system
- Seek Prop 1B Transit Safety/Security funds to support the FY 2013-14 security improvements, including, but not limited to cameras on trains and trackside safety points; CCJPA participation in OBIS for the fleet; and signal safety improvements such as Positive Train Control (PTC) being developed by UPRR
- Conduct ongoing quarterly onboard surveys to assess rider profile and solicit feedback on Amtrak's performance
- Continue the environmental documentation process for the Sacramento to Roseville Third Main track
- Continue to facilitate the Northern California HST Blended Rail service program and work with partners to ensure development of an integrated service plan for blended service
- Develop, with Caltrans Division of Rail staff, a task order for installation of OBIS for the Northern California Fleet
- Further develop a performance tracking system through direct data links to Amtrak's ticketing, including e-Ticketing data, delay reporting, and food service databases

3Q FY 2013-14

- Continue implementation of the first phase of at-station bicycle improvements with the respective vendors
- Monitor a year of performance since upgrading the Wi-Fi service from pure 3G to a mix of 3G/4G
- Host Annual Public Workshops to present service plans and receive input

- Develop Annual Performance Report and other information to present an overview of current performance and future plans
- Develop revised Business Plan Update for FY 2014-15 and 2015-16
- Install and implement secure bicycle storage and folding bicycle lease program at select Capitol Corridor stations
- Continue to facilitate the Northern California HST Blended Rail service program with the goal of integrating service planning efforts into a governance structure for blended operations
- Initiate installation of OBIS on the Northern California Fleet

4Q FY 2013-14

- Complete implementation of the first phase of at-station bicycle improvements with the respective vendors
- Monitor installation of OBIS on the Northern California Fleet
- Conduct onboard surveys to assess rider profile and solicit feedback on Amtrak's performance
- Conduct the second part of the biannual bicycle access monitoring survey
- Develop FY 2014-15 marketing program, including market research
- Continue to facilitate the Northern California HST Blended Rail service program with the goal of identifying an action plan for governance of blended service operations
- Implement multi-ride e-Ticketing for monthly and 10-ride/45 day tickets as well as introduce small-group ticketing

FY 2014-15 Action Plan

This action plan for FY 2014-15 is preliminary and will be revised during the second half of FY 2013-14. The CCJPA intends to focus on:

- Working with the UPRR and Amtrak to continue ridership and revenue growth by improving reliability, adjusting the service plan, and/or implementing projects that add capacity and reduce travel times
- Monitoring development and manufacturing of additional rolling stock, safety and security upgrades and track and signal projects to meet service expansion plans
- Using the wireless network system as a basis on which to develop and deploy additional applications such as continuing OBIS implementation which will continue in the FY 2014-15
- Consider development of an ever more passenger focused multi-ride e-Ticketing system which is built upon the 10-ride e-Ticketing platform.
- Working with Caltrans and UPRR on an implementation plan to implement the trackside and on-train hardware to support the installation of the PTC signal safety system
- Developing marketing programs that retain riders through expanded amenities, loyalty campaigns and offers; and increase ridership through market research
- Updating performance standards as necessary
- Working with Amtrak to secure additional cost efficiencies to be reinvested in service enhancements
- Work with local jurisdictions to implement phase two of at-station bicycle facilities

6. ESTABLISHMENT OF FARES

The CCJPA develops fares in conjunction with Amtrak to ensure the Capitol Corridor service is attractive and competitive with other transportation modes, including the automobile. Ticket types include standard one-way and roundtrip fares, as well as monthly passes and 10-ride tickets valid for 45 days. These discounted multi-ride fares are competitive with other transportation options and have become increasingly popular due to the high number of repeat riders who use the Capitol Corridor trains as their primary means of travel along the corridor. The monthly and multi-ride tickets can be used year-round for all regularly scheduled train service. Reservations are not required for any of the trains. E-ticketing was introduced in FY 2011-12 for one-way/round trip ticket purchases and in FY 2012-13, the CCJPA wants to work with Amtrak to introduce monthly and 10-ride e-Ticketing as well as create a small group ticketing process to offset revisions required in shifting the current 10-ride ticket to an e-Ticketing platform.

The current fare structure is based on a one-way tariff, with the roundtrip tariff equal to double the one-way tariff. Discount fares are available to seniors, students, military personnel and children under age 15. Amtrak also provides reduced fares for certain national partners, such as AAA members. Fare modifications are used selectively to maximize revenue and ridership, while still working toward the State's farebox return goal of 50%. Development of e-Ticketing for multi-ride tickets can eventually lead to a more customized ticketing platform which may be pursued in FY 2014-15.

FY 2013-14 Fares

During the past 13 years, the CCJPA has incrementally increased fares based on service improvements such as added trains, reduced travel times and served new stations. In FY 2007-08, the CCJPA implemented a simplified fare structure that discontinued seasonal and holiday pricing and recalibrated city-pair multi-ride ticket prices to provide equitable fare tariffs among ticket types. This revised fare structure provides consistency to passengers by eliminating ticket price fluctuation and also enables the CCJPA to better manage revenue, leading to revenue growth that exceeds ridership growth. For FY 2012-13, the CCJPA and Amtrak are planning a 2% strategic fare increase in June 2013. With the stabilization of operating costs due to the implementation of the Section 209 pricing policy, the CCJPA does not currently plan to have any fare increases in FY 2013-14. If, however, there are unforeseen cost increases, such as spikes in fuel prices, the CCJPA and Amtrak will be required to revisit holding off fare increases for FY 2013-14. If this is required, the CCJPA and Amtrak will consider factors such as ridership results, revenue levels, variable operating expenses (such as fuel), and overall economic conditions along communities in the corridor.

THE PROJECTED FARE STRUCTURE FOR FY 2013-14 WILL BE DEPENDENT UPON THE IMPLEMENTATION OF THE REVISED AMTRAK OPERATING PRICING POLICY FOR FY 2013-14.

As part of its Marketing Program (Section 8), the CCJPA will develop initiatives designed to increase customer satisfaction and ridership. Opportunities include:

- Continuing or enhancing the 50% on-line discount program for weekend travel
- Customer loyalty and referral programs to attract new riders
- Promoting the use of the folding bicycle lease program and electronically accessed secure bicycle facilities with Capitol Corridor as they are installed at stations
- Highlight on-board amenities such as Wi-Fi and the Café Car to emphasize convenience
- Increased utilization of Amtrak's various e-ticketing initiatives will increasingly enable real-time validation and benefit customer convenience along with real time information on ridership and revenue data, leading toward better operating cost efficiencies

Together, these fare and ticketing programs for FY 2013-14 will enhance customer convenience and increase revenue yield as part of the expanding e-Ticketing program.

FY 2014-15 Fares

The projected fare structure for FY 2014-15 will be dependent upon the success of the PRIIA Section 209 pricing structure used in FY 2013-14. If operating expenses are stabilized or reduced, very modest or no fare increases could be expected for FY 2014-15. The CCJPA will work with Amtrak to determine if the fare structure will be need to be adjusted and make any modifications with Amtrak as necessary. Opportunities include:

- Exploring various regional transit (e.g., Clipper) smart-card fare collection technology or other current best-fit technology of a similar basis on the Capitol Corridor trains provided it can be incorporated into the Amtrak ticketing structure
- Continuing and expanding of transit connectivity programs such as the Transit Transfer Program, joint ticketing, and transfer of motorcoach bus routes to parallel local transit services

7. SERVICE AMENITIES, FOOD SERVICES, AND EQUIPMENT

The CCJPA is responsible for the administration and maintenance supervision of the State-owned fleet of rail cars and locomotives assigned to Northern California. The CCJPA works to

ensure equity in the operation and maintenance of equipment assigned to the Capitol Corridor and San Joaquin Corridor services. In accordance with the ITA, the CCJPA is entrusted with ensuring the rail fleet is operated and maintained to the highest standards of reliability, cleanliness, and safety. In addition, it makes certain the unique features and amenities of the State-owned train equipment are well utilized and maintained to standards established by Amtrak, the State, and the CCJPA.

Service Amenities

Accessibility. The Capitol Corridor and San Joaquin Corridor trains provide complete accessibility to passengers. Accessibility features include onboard wheelchair lifts, two designated spaces per train car for passengers in wheelchairs, and one wheelchair-accessible lavatory on the lower level of each train car.

Information Displays. Each California Car is equipped with passenger information displays that provide the train number and destination, plus any required public information.

Lavatories. Lavatories in California Cars feature electric hand dryers, soap dispensers, and infant diaper-changing tables.

Telecommunications/Wi-Fi. All cars in the fleet have Wi-Fi service which runs off of the “brain” car, or Café/diner car. This service is free to the customer and permits basic email, webpage viewing. Amtrak’s Wi-Fi Connect prohibits streaming services which would use up excessive amounts of bandwidth for a limited number of users. Free Wi-Fi service launched November 28, 2011 and was upgraded in March 2013 with some 4G cellular cars as opposed to just 3G cards thus increasing overall bandwidth in the 4G areas. Power plug access at each seat has been available for years and can power and charge their various electronic devices. The Wi-Fi system also is a basis for operational applications which will be added over time as resources and budget allow.

INTRODUCTION OF FREE WI-FI SERVICE ON CYBER-MONDAY (NOVEMBER 28, 2011) FULFILLED THE MOST REQUESTED PASSENGER AMENITY. THE WI-FI SYSTEM WILL ALSO BE THE BASIS FOR FUTURE OPERATIONAL APPLICATIONS.

Bicycle Access. All Northern California Coach Cars have bicycle storage units that hold three bicycles on the lower level of the car. In addition, the 14 first generation California Cab Cars (8300-series) are undergoing a retrofit to hold 13 bicycles as opposed to 7 bicycles concurrently with the production of this document. Once

enough retrofitted sets are available, the CCJPA will phase in more safety focused bicycle storage requirements. The five Surfliner Cab Cars (6000-series) have storage space for up to 13 bicycles in the lower level baggage area.

Bicycle storage demand on the Capitol Corridor trains has outstripped the capacity to safely meet that demand. In FY 2012-13, the CCJPA developed and will adopt, in February 2012, the Bicycle Access Plan which presents key actions to improve to increase on-train and secure station bicycle capacity

Food and Beverage Services. CCJPA staff listened to passenger requests to enhance food choices and many improvements to the Café car menu were implemented in November 2011 along with some price adjustments. CCJPA is reaping the benefits of these improvements in customer satisfaction and increased sales of menu items. The new point-of sale registers have been installed and are working well. This upgrade will improve the efficiency and back-office management of the food and beverage service. We are currently evaluating the viability of providing food service promotions and advertisements via on-board flat screen monitors.

The continuing efforts by the CCJPA and Caltrans ensure the food and beverage service on the Capitol Corridor and San Joaquin Corridor trains exceeds customer expectations while contributing effectively to the services’ revenues.

Equipment Acquisition, Maintenance, and Renovation

The CCJPA continues to work closely with Caltrans and Amtrak to refine the maintenance and operations programs to improve the reliability, safety, and cost-effectiveness of the rail fleet. The

Capitol Corridor and San Joaquin routes now share a combined fleet of 15 F59PHI locomotives, 2 DASH-8 locomotives, and 85 bi-level passenger coaches and food service cars which include three upgraded Amtrak-owned Superliner Coach Cars. New fleet acquisitions under development will dramatically increase service capacity. During FY 2012-13, Caltrans secured funding earmarked for 40 new coaches and 6 cleaner-burning locomotives for the Northern California fleet.

Rehabilitation and Modification Programs. Using previously allocated State funds, the CCJPA, Caltrans, and Amtrak have created a multi-year program of periodic overhauls to the existing train fleet that will improve the fleet performance and maintain the valued assets of the State's rolling stock investment.

CCJPA STAFF LISTENED TO PASSENGER REQUESTS TO ENHANCE FOOD CHOICES AND MANY IMPROVEMENTS TO THE CAFÉ CAR MENU WERE IMPLEMENTED IN NOVEMBER 2011 ALONG WITH SOME PRICE ADJUSTMENTS. FOOD SALES FOR FY 2011-12 WERE 4% OVER FOOD SALES FOR FY 2010-11.

Current/Upcoming Work (FY 2011-12 and Beyond)

- The original fleet of locomotives owned by the State is going through an extensive multi-year State-funded renovation program that includes new low emissions auxiliary power motors and efficient micro processor controls. The main propulsion engines are being rebuilt, exceeding current EPA TIER II, emissions standards thus maintaining our status as one of the cleanest fleets in the nation.
- Starting in 2013 the HVAC units, ducting and control systems will be renewed, providing better air quality and climate control using new environmentally friendly technology and refrigerants.
- As part of our safety and security program, all passenger coaches and locomotives are now equipped with a digital security camera system. This provides the CCJPA with a valuable tool to protect equipment from vandalism and assist with post-incident investigation.
- The fourteen California Cab cars are in the process of being converted to Cab/Baggage/Bike cars similar to the five newer Surfliner Cabs, to provide greater baggage storage and 13 more bike racks.
- Future project include, converting the six Coach/Baggage cars to full Coach cars for improved passenger capacity and fleet utilization. All cars will also get new vestibule flooring as they go through conversion and HVAC programs.

8. MARKETING STRATEGIES

The CCJPA employs a strategy of combining targeted advertising campaigns, strategic cross-promotions and media outreach efforts to build awareness of the Capitol Corridor service. A primary objective is promoting the service to key markets and attracting riders to trains with available capacity. Staff will also focus on enhancing brand visibility in the digital media space and increasing customer engagement to retain existing riders. Marketing dollars and impact are maximized through joint promotions and advertising, as well as reciprocal marketing programs with the State, Amtrak, CCJPA member agencies, and other selected partners.

Advertising Campaigns and Brand Awareness. Advertising campaigns inform leisure and business travel audiences about the advantages of train travel, including service attributes, promotions/pricing, and destinations. Recent advertising efforts included radio spots, local television, traffic sponsorships, and online paid search. This mix is continually adjusted to ensure consistent visibility in the target markets. For 2014, CCJPA will use Capitol Corridor's "Next Stop" advertising campaign which highlights train amenities and destinations. The campaign emphasizes the Capitol Corridor brand, in accordance with the CCJPA Board's edict to create a distinct, regional brand for Capitol Corridor and strengthen brand awareness throughout the service area.

The CCJPA will also continue successful programs that target specific markets designed to build ridership during off-peak hours such as midday, mid-week and weekend travel. Destination-focused promotions highlight riding the train to events such as Oakland A's games, which create awareness of the train as a way to reach other leisure destinations throughout Northern California. Additionally, the CCJPA continues to refine our customer retention efforts through Rider Appreciation programs and expansion passenger-focused communication channels.

Online Presence and Customer Engagement. The CCJPA places great importance on communicating with our passengers and delivering service information to them through multiple channels. Efforts include:

- Leveraging Capitol Corridor's online presence across the Internet includes integration with transit-related online tools such as Google Transit, selective participation in online social networking sites such as Facebook and Twitter, and listings in informational portals/directories
- Coordinating communications between Contact center, Marketing and Operations staff to ensure customers receive clear and up-to-date information about the Capitol Corridor service and promotions
- Integration of our passenger service advisory system, including SMS text and e-mail service alerts, with the Capitol Corridor website and social media channels.

Partnership Brand Marketing. The Capitol Corridor's Strategic Marketing Partnership Program has established a catalog of marketing assets and associated metrics to enhance the CCJPA's trade promotion negotiations. These assets enable selected partners to market their products through Capitol Corridor marketing channels such as interior, exterior, and station signage, and electronic media. The program now has a solid foundation for increasing value and revenues to the advertising program through leveraging partnerships with well-known organizations that share similar target audiences to increase the visibility of the Capitol Corridor brand. This work is increasingly important as advertising channels multiply, yet our marketing budget remains flat.

CUSTOMER SERVICE AND ENGAGEMENT THROUGH THE USE OF SOCIAL MEDIA WILL CONTINUE TO BE A VITAL AND GROWING ASPECT OF CCJPA'S FUTURE CUSTOMER OUTREACH EFFORTS.

Joint Marketing and Outreach. The CCJPA achieves cost efficiencies by working with local community partners such as CCJPA member agencies and local destinations to develop creative promotions that promote both destination and rail travel. CCJPA also partners with Amtrak and Caltrans on select promotions and events to better leverage shared marketing dollars.

Customer Relations. The CCJPA views communication with passengers as the cornerstone of our customer-focused service delivery. We encourage passengers to provide input on our service performance through comment cards on the trains, phone calls, letters, and email. We use this feedback to identify and prioritize service modifications, capital improvements, and desired amenities in the service. The recent implementation of an online customer service portal has allowed the CCJPA to do a better job of communicating with the public, as well as coordinating internally to ensure that passengers receive an appropriate and timely response to their request or issue. Call center and customer service staff will enter customer inquiries into a web-based program that can also field requests made directly by passengers online. The citizen can follow the progress of the request online with the tracking number. In addition to providing passengers with a better tool to communicate with the CCJPA, the program provides several other benefits to CCJPA management, including the collection, tracking and archiving of requests, customized reports on demand, as well as allocating a single point of contact for each type of complaint/comment. This tool has allowed the CCJPA to view and track productivity and responsiveness to customer requests/complaints and free up valuable staff time.

Public Relations. In FY2014, the CCJPA's public information efforts will use traditional and social media to continue to build awareness about its Bicycle Access Plan, promotions, rail safety and CCJPA's customer service upgrades. We intend to enhance on our current communications strategies to consistently alert passengers of service issue.

Outreach and Advocacy. The CCJPA will develop a broader plan for advocacy of the Capitol Corridor and related services, and build upon outreach efforts with communities along the route. Efforts include:

- Advocacy and public relations efforts that aim to increase the Capitol Corridor's visibility and recognition as a unique interagency partnership

- Helping communities along the Capitol Corridor route build awareness of the service in their respective cities through local marketing campaigns including transit connections via the Transit Transfer Program
- Leveraging CCJPA riders who use and benefit from the service as advocates in their communities
- Joint media promotions with well-known organizations to maximize media dollars and expand market reach
- Reciprocal marketing with tourism industry members such as hotels, airports and convention/visitor bureaus
- Targeted marketing to school groups, senior citizens, special interest groups and new residential communities
- An Annual Performance Report that informs the public and elected officials of the service's successes, benefits, and challenges to local communities
- Working with Operation Lifesaver – a voluntary effort by railroads, safety experts, law enforcement, public agencies and the general public – the CCJPA coordinates with Caltrans Rail to support regional rail safety campaigns through education, engineering and enforcement
- Outreach and public relations efforts in the Silicon Valley/San Jose area, Yolo and Placer Counties to promote service enhancements and expansion projects.

FY 2013-2014 Marketing Program

The CCJPA's FY 2013-2014 Marketing Program will focus on continuing to drive ridership to trains with available capacity by emphasizing the convenience of modern train travel and targeting service periods with the highest growth potential.

The CCJPA will continue its own independent campaigns, and develop Capitol Corridor as a distinct regional service brand. CCJPA will also coordinate with local partners, Amtrak and Caltrans on the most beneficial promotions, outreach, and shared marketing collateral. Marketing initiatives will also aim to enhance customer communications and engagement with our passengers. Key elements will include:

- Joint media promotions with well-known organizations and continued coordination with Amtrak and Caltrans on selected events intended to maximize media dollars and expand market reach
- Expansion of social media marketing through networks such as Facebook and Twitter to engage with customers, enhance communications and increase brand visibility
- Development of mobile-friendly website to improve communication to customers
- Targeted marketing to school groups, senior citizens, special interest groups, and select demographic and niche markets
- Public relations campaigns to maximize awareness of the Capitol Corridor brand and service and increase positive news media coverage

FY 2014-2015 Marketing Program

The CCJPA will place continued emphasis on the Capitol Corridor brand to increase regional brand awareness and maximize use of the marketing budget. Longer-term plans include additional customer outreach and reinvigorated retention efforts via a more sophisticated Customer Relationship Management (CRM) program and development of mobile applications to enhance customer communications. Marketing and communication efforts will emphasize CCJPA's commitment to high quality, customer-focused passenger rail service and continue to personalize the service.

9. ANNUAL FUNDING REQUIREMENT: COSTS AND RIDERSHIP PROJECTIONS

The primary purpose of this Business Plan Update, as identified in the ITA, is to request the annual funds required by the CCJPA to operate, administer, and market the Capitol Corridor service for agreed-upon service levels. Previous sections in this document describe the

proposed operating plan, planned service improvements, and capital improvements for FY 2013-14 and FY 2014-15.

FY 2013-14 and FY 2014-15 Operating Costs

THE OPERATING COSTS FOR FY 2013-14 ARE BASED ON THE IMPLEMENTATION OF A NEW PRICING POLICY FOR AMTRAK-OPERATED, STATE-FINANCED INTERCITY PASSENGER RAIL ROUTES UNDER 750 MILES PURSUANT TO SECTION 209 OF THE PASSENGER RAIL IMPROVEMENT AND INVESTMENT ACT OF 2008 (PRIIA) WHICH RESULTS IN A FAIR, TRANSPARENT, AND EQUITABLE ALLOCATION OF OPERATING COSTS.

Based on the Operating Plan and Strategies (Section 3), the CCJPA has developed a draft estimate for FY 2013-14 and FY 2014-15 operating expenses. The operating costs are based on the implementation of a new pricing policy for Amtrak-operated, state-financed intercity passenger rail routes under 750 miles pursuant to Section 209 of the Passenger Rail Improvement and Investment Act of 2008 (PRIIA). This policy has been developed with input from all states that have such IPR services under 750 miles and results in a fair, transparent, and equitable allocation of operating costs. The impact of implementing the Section 209 Policy on the Capitol Corridor will result in an increase of \$1.996 million in FY14 operating costs compared to the current FY13 costs. The primary reasons for this 6% increase are (1) \$350,000 for Minor Capital Project support and (2) \$1.5 million for the annual Section 209 Policy Equipment Capital Charge for the use of Amtrak-owned equipment (locomotives and rail cars) to supplement the Northern California Intercity Passenger Rail fleet to support the service delivery plan. For FY 2014-15 and future years, the PRIIA 209 pricing will result in stabilization of anticipated annual operating costs through the implementation of the Section 209 Amtrak pricing policy.

Projected operating costs are shown in Table 9-1 and include the basic train service and associated feeder bus service, including the CCJPA's proportionate share of costs relating to the local transit service partnerships. Ridership and revenue levels are expected to drop slightly for FY 2013-14 with a moderate increase in FY 2014-15, given the uneven economic recovery in Northern California. As these projections are estimates, the CCJPA will work with Amtrak to refine operating expenses and/or increase revenue yield.

FY 2013-14 and FY 2014-15 Marketing Expenses

The CCJPA's marketing budget for FY 2013-14 and FY 2014-15 will fund the respective year's Marketing Programs presented in Section 8. The CCJPA will develop the various campaigns and programs. The preliminary budget estimates illustrated in Table 9-1 represent only direct expenditures of the CCJPA and do not include any costs for marketing programs provided solely by Amtrak or the State.

FY 2013-14 and FY 2014-15 Administrative Expenses

Table 9-1 identifies the estimate for the FY 2013-14 and FY 2014-15 budgets that support the administrative activities of the CCJPA for the Capitol Corridor service.

FY 2013-14 and FY 2014-15 Total Budget

Compared to the current period (FY 2012-13), the FY 2013-14 and FY 2014-15 total budgets for operating, marketing, and administrative costs of the CCJPA are expected to increase by 5.5% in FY 2013-14 and increase by 10% in FY 2014-15. While there is a decrease in FY 2013-14 operating expenses with the implementation of PRIIA Section 209 pricing policy, the overall contract costs increase due to (1) a softening of the current ridership demand for the Capitol Corridor which lowers the initial revenue estimate and (2) includes approximately \$1.5 million in annual equipment capital charges for the use of Amtrak-owned rail vehicles assigned to the service. For FY 14-15, operating expenses are stabilized, yet initial revenue estimates are expected to increase only slightly and not enough to offset the annual equipment capital charge.

**Table 9-1
CCJPA FY 2013-14 - FY 2014-15 Funding Requirement
Capitol Corridor Service**

Service Level	Current	PROPOSED	
	FY 2012-13 Budget	FY 2013-14 Budget	FY 2014-15 Budget
Sacramento-Oakland			
Weekday	30	30	30
Weekend	22	22	22
Oakland-San Jose			
Weekday	14	14	14
Weekend	14	14	14
Sacramento-Roseville	2	2	2
Roseville-Auburn	2	2	2
Ridership (a)	1,789,449	1,764,000	1,782,000
Total Train Operating Expenses	\$ 58,275,219	\$ 58,371,472	\$ 60,153,200
Total Bus Expenses	\$ 2,010,560	\$ 2,051,000	\$ 2,081,800
TOTAL Expenses (a)	\$ 60,285,779	\$ 60,422,472	\$ 62,235,000
Train Revenue	\$ 29,635,000	\$ 29,616,000	\$ 29,912,000
Bus Revenue	\$ 1,891,361	\$ 1,890,000	\$ 1,909,000
TOTAL Revenue (a)	\$ 31,526,361	\$ 31,506,000	\$ 31,821,000
CCJPA Funding Requirement			
CCJPA Operating Costs	\$ 28,759,418	\$ 28,916,472	\$ 30,414,000
Insurance for State-Owned Equipment (b)	\$ 350,900	\$ 350,000	\$ 350,000
Minor Capital Projects (c)	\$ -	\$ 350,000	\$ 350,000
Subtotal-CCJPA Operating Expenses	\$ 29,110,318	\$ 29,616,472	\$ 31,114,000
Equipment Capital Costs (d)	\$ -	\$ 1,490,000	\$ 1,490,000
TOTAL Operating Contract	\$ 29,110,318	\$ 31,106,472	\$ 32,604,000
Marketing (e)	\$ 1,174,000	\$ 1,174,000	\$ 1,174,000
Administrative Expenses (f)	\$ 2,951,000	\$ 2,951,000	\$ 2,951,000
TOTAL CCJPA Funding Request	\$ 33,235,318	\$ 35,231,472	\$ 36,729,000
Difference from FY12-13 Budget		\$ 1,996,154	\$ 3,493,682
Percent Change from FY12-13 Budget		6.01%	10.51%

(a) Preliminary planning estimates. Amtrak to provide final ridership, revenue, and operating costs estimates.

(b) Amtrak procures insurance coverage for state-owned equipment that is operated for service.

(c) Expenses to be allocated for small or minor capital projects.

(d) Pursuant to PRIIA Section 209 Policy, capital charges will be assigned to state IPR routes that use Amtrak-owned equipment (primarily locomotives and rail cars). The CCJPA will be assessed such equipment capital charges for 3 Amtrak locomotives and 3 Amtrak bi-level cafe cars.

(e) Due to State budget constraints, the FY 2013-14 and FY 2014-15 marketing expenses will be capped at the same levels as the ten prior fiscal years (\$1,174,000). Does not include contributions by Amtrak or additional resources provided by the State (i.e., market research program).

(f) Includes transfer of operating expenses to support CCJPA administrative expenses including call center/phone information and customer services now provided by CCJPA/BART.

The Capitol Corridor service will remain a part of the State's IPR system and pursuant to the ITA the service will continue to receive annual funding appropriations from the State. Such future appropriations (for FY 13-14 and onward) will now reflect the new PRIIA Section 209 Amtrak pricing policy which was adopted by the Governor Office in October 2011. To that end, the CCJPA will provide the level of service consistent with funding appropriated by the Legislature

and allocated by the State. Any cost savings realized by the CCJPA or revenues in excess of business plan projections during the term of the ITA will be used by the CCJPA for service improvements in the corridor (Section 1).

10. SEPARATION OF FUNDING

As identified in the Joint Exercise of Powers Agreement (JEPA) for the CCJPA, the Controller-Treasurer of the Managing Agency of the CCJPA will perform the functions of Treasurer, Auditor, and Controller of the CCJPA. BART's prior agreement with the CCJPA to serve as the CCJPA's Managing Agency was first renewed in February 2005 for a five-year term through February 2010, and was presented to the CCJPA Board in February 2010 for an additional five-year term, consistent with the enactment of AB 1717 in September 2003. This longer term will allow the CCJPA Board to more effectively measure the performance of the Managing Agency.

As identified in the ITA, the State performs audits and reviews of CCJPA's Capitol Corridor service-related financial statements. In addition, the CCJPA requires that the Controller-Treasurer shall provide for an annual independent audit of the accounts of the CCJPA within six months of the close of the State fiscal year. BART has established the appropriate accounting and financial procedures to ensure that the funds secured by the CCJPA during FY 2011-12 and FY 2012-13 to support the Capitol Corridor service are solely expended to operate, administer and market the service.

11. CONSIDERATION OF OTHER SERVICE EXPANSIONS AND ENHANCEMENTS

This section presents service expansion and enhancement opportunities beyond the CCJPA's FY 2013-14 and FY 2014-15 service plans and funding requirements. Planning for potential new services will require securing capital improvements, additional operating funds, and institutional agreements. These will be captured in the Vision Plan update slated for CCJPA Board adoption in February 2013

State Rail Plan and Northern California HST Blended Service

A new State Rail Plan is being developed at this time to become compliant with the FRA which has actively engaged the states to grow the federal involvement and funding in passenger (intercity and high-speed) rail since the establishment of the PRIIA legislation in 2008. The FRA awarded Caltrans Rail Division funding to develop and release a coordinated State Rail Plan which will be done to conform to meeting Federal planning requirements. This new plan will incorporate not only the IPR services, but also the planning efforts for the California High Speed Rail system. The planning for the California High Speed Rail service will first involve San Jose but later the Sacramento station. Each of the stations will be strategic intermodal facilities as the Capitol Corridor will be an important feeder/distributor to the High Speed Rail system. The CCJPA is already participating with Caltrans Division of Rail in this state wide effort. Beyond those already highlighted interactions with the High Speed Rail system, the expansions which CCJPA will specifically address are those service improvements between Sacramento, Roseville, and Auburn and the Oakland to San Jose territory.

A NEW FRA COMPLIANT STATE RAIL PLAN IS BEING DEVELOPED CONSISTENT WITH THE FEDERAL PRIIA LEGISLATION IN PASSED IN 2008. THIS NEW PLAN WILL INCORPORATE NOT ONLY THE IPR SERVICES, BUT ALSO THE PLANNING EFFORTS FOR THE CALIFORNIA HIGH SPEED RAIL SYSTEM.

By 2018, there is a plan underway with Capitol Corridor, ACE, Caltrans, the CHSRA, and the FRA, along with the respective freight rail operators, UPRR and Burlington Northern Santa Fe (BNSF) to integrate and expand passenger rail services to take advantage of phased linkages to the planned California High Speed Rail system. The State Rail Plan reflects these on a high level and the integration details are being established by a working group facilitated by CCJPA. Tied into these efforts are the funded, partially funded, and planned service expansion efforts of all parties involved. This work commenced associated with the 2012 Business Plan Update for the CHSRA which laid out the concept of using connecting conventional and higher speed passenger rail services to enact a phased approach to developing high speed rail in California. The level of investment required is significant and will require success, not only of service

integration, but primarily a capital funding plan. There are significant funding gaps but tremendous opportunities for taking these coordinated steps to gradually grow California into a high speed rail State supported by highly successful conventional passenger rail services.

Rail Service Expansion Planning

The CCJPA has set forth and adopted a Train Service Policy supporting future extensions to new markets beyond the Capitol Corridor. This policy encourages partnerships between several passenger rail services and local/regional transportation agencies. For example, there are ongoing discussions with the Transportation Agency of Monterey, Caltrain, and VTA about expanding Capitol Corridor service to Salinas. Pursuant to CCJPA Board direction, CCJPA staff are actively engaged in this discussion in a manner which protects the existing core service but fairly lays out the requirements of extending service to Salinas (e.g., an integrated train schedule, additional rolling stock, complete and compliant stations, operating funding support, and CCJPA governing/legislative modifications). Plans for this expansion have advanced steadily and will evolve as funding, operational, and governance matters are addressed. This potential expansion is reflected in the State Rail Plan as appropriate.

The CCJPA will remain engaged with other rail service expansion options being pursued in communities throughout Northern California. One such directly interfacing rail service is the planned Dumbarton Rail service. The planning effort for Dumbarton Rail is focusing other implementation options since cost and funding for the original envisioned full rail service alternative have become challenges for the project. The planned rail alternative would interface with Capitol Corridor service and CCJPA's plans for service expansion to San Jose most notably in the Union City and Fremont areas. The CCJPA continues to monitor the project development and, when capital projects in these areas are planned, the CCJPA will coordinate with the planning team (VTA, Caltrain, Union City, Fremont, Hayward, Newark and various San Francisco Peninsula communities) if, and when, funding and project implementation become viable.

With any service expansions, the goal is to ensure that these proposed service extensions provide mutual cost savings through the use of joint facilities and equipment. As a vital element in California's passenger rail community, the CCJPA has developed working relationships with:

- San Joaquin Corridor service
- Amtrak National Network (California Zephyr and Coast Starlight)
- Altamont Commuter Express service (Stockton – Livermore – San Jose)

APPENDICES

APPENDIX A
Historical Service Statistics

Fiscal Year	Daily Trains	Total Ridership	% Change Prior Year	Riders Per Day	Revenue*	% Change Prior Year	Operating Expenses*	% Change Prior Year	Farebox Ratio*	State Costs*
SFY 91/92 (a)	6	173,672	--	864	\$1,973,255	--	\$4,848,967	--	40.7%	\$1,592,907
SFY 92/93	6	238,785	--	650	\$2,970,103	--	\$8,333,093	--	35.6%	\$6,712,017
SFY 93/94	6	364,070	52.5%	1,000	\$3,598,978	21.2%	\$9,911,735	18.9%	36.3%	\$6,714,761
SFY 94/95	6	349,056	-4.1%	960	\$3,757,146	4.4%	\$9,679,401	-2.3%	38.8%	\$6,012,315
SFY 95/96 (b)	8	403,050	15.5%	1,100	\$4,805,072	27.9%	\$11,077,485	14.4%	43.4%	\$6,434,940
SFY 96/97	8	496,586	23.2%	1,360	\$5,938,072	23.6%	\$20,510,936	85.2%	29.0%	\$9,701,519
FFY 97/98 (c)	8	462,480	-6.9%	1,270	\$6,245,105	5.2%	\$20,527,997	0.1%	30.4%	\$11,404,143
FFY 98/99 (d)	10/12	543,323	17.5%	1,490	\$7,314,165	17.1%	\$23,453,325	14.3%	31.2%	\$16,022,024
FFY 99/00 (e)	12/14	767,749	41.3%	2,100	\$9,115,611	24.6%	\$25,672,749	9.5%	35.7%	\$16,440,540
FFY 00/01 (f)	14/18	1,073,419	39.8%	2,941	\$11,675,117	28.1%	\$28,696,741	11.8%	40.7%	\$17,680,477
FFY 01/02	18	1,079,779	0.6%	2,960	\$12,201,602	4.5%	\$32,842,038	14.4%	37.2%	\$20,590,919
FFY 02/03 (g)	18/20/22/24	1,142,958	5.9%	3,130	\$12,800,469	4.9%	\$36,469,383	11.0%	38.1%	\$21,540,910
FFY 03/04	24	1,165,334	2.0%	3,190	\$13,168,373	2.9%	\$35,579,266	-2.4%	37.2%	\$22,708,181
FFY 04/05	24	1,260,249	8.1%	3,450	\$15,148,333	15.0%	\$35,110,571	-1.3%	43.2%	\$19,962,238
FFY 05/06 (h)	24/32	1,273,088	1.0%	3,490	\$16,014,636	5.7%	\$35,147,033	0.1%	45.8%	\$19,132,397
FFY 06/07	32	1,450,069	13.9%	3,970	\$19,480,992	21.6%	\$40,533,332	15.3%	48.1%	\$21,052,340
FFY 07/08	32	1,693,580	16.8%	4,640	\$23,822,862	22.3%	\$43,119,290	6.4%	55.2%	\$22,265,039
FFY 08/09	32	1,599,625	-5.5%	4,383	\$23,505,602	-1.3%	\$50,159,032	16.3%	47.0%	\$25,113,642
FFY 09/10	32	1,580,619	-1.2%	4,330	\$24,372,185	3.7%	\$52,843,973	5.4%	46.0%	\$27,499,149
FFY 10/11	32	1,708,618	8.1%	4,681	\$27,176,573	11.5%	\$56,699,385	7.3%	48.0%	\$29,158,222
FFY 11/12 (i)	32/30	1,746,397	6.7%	4,785	\$29,200,000	7.4%	\$59,035,857	4.1%	50.2%	\$29,606,390
FFY 12/13 (j)	30	693,470	6.7%	4,593	\$12,215,014	2.0%	\$23,931,968	2.6%	51.0%	\$11,951,074

SFY = State Fiscal Year (July 1- June 30)

FFY = Federal Fiscal Year (October 1 -September 30)

- a. Statistics available for partial year only because service began in December 1991.
- b. Increase to 8 trains began in April 1996.
- c. Statistics presented for FFY 97/98 and each subsequent FFY to conform with Performance Standards developed by BT&H.
- d. 10 trains began on October 25, 1998 and 12 trains began on February 21, 1999.
- e. 14 trains began on February 28, 2000 .
- f. 18 trains began on April 29, 2001.
- g. 20 trains began on October 27, 2002; increase to 22 trains began on January 6, 2003; increase to 24 trains began on April 28, 2003.
- h. 32 trains began on August 26, 2006 (with increase to 14 daily trains to/from San Jose).
- i. 30 trains began on August 13, 2012 (service optimization with re-opening of the Sacramento Valley Station platform).
- j. Year-to-date data through February 2013 with operating expenses and State costs through January 2013

APPENDIX B
PROGRAMMED OR COMPLETED CAPITOL CORRIDOR PROJECTS

Programmed or Completed Projects (Preliminary and Tentative - Subject to Revision)	Costs
Station Projects	
Colfax	\$2,508,165
Auburn	\$3,131,656
Rocklin	\$2,114,173
Roseville	\$1,619,104
Sacramento*	\$81,749,526
Davis	\$5,576,643
Fairfield/Vacaville	\$44,000,000
Suisun/Fairfield	\$3,834,049
Martinez*	\$38,145,628
Richmond*	\$22,384,408
Berkeley	\$4,745,500
Emeryville*	\$13,502,136
San Francisco – Ferry Building*	\$584,842
Oakland Jack London Square*	\$20,469,077
Oakland Coliseum	\$6,132,000
Hayward	\$1,782,500
Fremont/Centerville	\$3,544,050
Great America/Santa Clara	\$3,082,627
San Jose Diridon	\$79,638,542
Platform Signs	\$63,101
Real-time message signs	\$2,344,842
Other	\$4,990,575
SUBTOTAL – Station Projects	\$345,943,144
*shared stations with the San Joaquin route	
Track and Signal Projects	
Placer County	\$500,000
Auburn Track and Signal Improvements	\$350,000
Sacramento – Roseville (3 rd Track) Improvements	\$6,950,000
Yolo Causeway 2 nd Track	\$14,555,533
Yolo West Crossover	\$5,000,000
Sacramento – Emeryville	\$60,219,132
Oakland – Santa Clara (Hayward Line) [1991]	\$14,900,000
Niles Junction – Newark (Centerville Line)	\$10,667,740
Sacramento – San Jose C-Plates	\$14,156
Oakland – San Jose	\$62,755,333
San Jose 4 th Track	\$41,850,000
Bahia-Benicia Crossover Project	\$4,190,000
Harder Road (Hayward) Undercrossing [2001]	\$8,898,000
Positive Train Control (estimated CCJPA share \$12M)	\$35,000,000
SUBTOTAL – Track and Signal Projects	\$265,849,894
Maintenance and Layover Facility Projects	
San Jose (Pullman Way) Maintenance Facility	\$5,789,862
Oakland Maintenance Facility (new – owned by the State)	\$64,135,956
Oakland Maintenance Base (former site)	\$464,884
Colfax/Auburn Layover Facility	\$691,956
Roseville Layover Facility	\$157,702
Sacramento Layover Facility	\$941,316
Capitalized Maintenance ¹	\$6,500,000
SUBTOTAL – Maintenance and Layover Facility Projects	\$78,681,676
Rolling Stock (California Cars and Locomotives – owned by the State)	
Base Rolling Stock	\$238,982,226
2012 Ordered Rolling Stock added to Northern CA pool	\$57,435,192
SUBTOTAL – Rolling Stock	\$296,417,418
TOTAL – PROGRAMMED¹ OR COMPLETED PROJECTS	\$986,891,432

**APPENDIX C
CAPITOL CORRIDOR PERFORMANCE STANDARDS FY 2011-12 TO FY 2016-17**

PERFORMANCE STANDARD	FY 2011-12				FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
	ACTUAL	STANDARD	VARIANCE ACTUAL TO STANDARD	PERCENT CHANGE	STANDARD	PRELIMINARY STANDARD	PRELIMINARY STANDARD	PRELIMINARY STANDARD	PRELIMINARY STANDARD
NUMBER OF DAILY TRAINS (SAC-OAK)	32/30	32/30			30	30	30	30	30
USAGE									
Route Ridership	1,746,397	1,806,428	(60,031)	-3.3%	1,789,449	1,764,000	1,782,000	1,835,000	1,890,000
Average Daily Ridership	4,785	4,949	(164)	-3.3%	4,903	4,833	4,882	5,027	5,178
Percent Change in Route Ridership	2.2%	12.8%			-0.9%	-1.4%	1.0%	3.0%	3.0%
Percent Change in Train Passenger Miles	1.6%	5.9%			9.8%	-2.9%	1.0%	2.2%	3.0%
Percent Change in Train Miles	-0.9%	-0.5%			-2.6%	0.0%	0.0%	0.0%	0.0%
Passenger Miles per Train Mile (PM/TM)	95.4	91.3	4.1	4.5%	103.0	100.0	101.1	103.3	106.4
COST EFFICIENCY									
System Operating Ratio	50%	51%	-0.6%	--	52%	52%	51%	52%	53%
Percent Change in Total Revenue	9.0%	13.2%	--	--	5.2%	-0.1%	1.0%	5.0%	5.0%
Percent Change in Total Expenses	7.2%	7.0%	--	--	2.3%	0.2%	3.0%	3.0%	3.0%
Train Revenue per Train Mile	\$23.41	\$23.57	-\$0.16	-0.7%	\$25.46	\$25.45	\$25.70	\$26.99	\$28.34
Train Revenue per Passenger Mile (Yield)	\$0.24	\$0.258	-\$0.01	-5.7%	\$0.266	\$0.271	\$0.276	\$0.282	\$0.288
Train Expenses per Train Mile	\$47.87	\$47.61	\$0.26	0.6%	\$48.32	\$49.77	\$51.26	\$52.80	\$54.39
Train Only State Cost per Train Mile	\$24.46	\$24.04	\$0.42	1.8%	\$24.61	\$24.71	\$25.98	\$26.25	\$26.50
Train Only State Cost Per Passenger Mile	\$0.25	\$0.26	-\$0.01	-3.4%	\$0.24	\$0.25	\$0.26	\$0.25	\$0.25
SERVICE QUALITY									
On Time Performance	94%	90%	4%	--	90%	90%	90%	90%	90%
Percent of California Car Fleet Available	87.0%	87%	0%	--	87%	87%	87%	87%	87%
OPERATING RESULTS									
TRAIN AND BUS									
Total Revenue	\$ 29,643,324	\$29,962,446	-\$319,122	-1.1%	\$31,526,361	\$31,506,000	\$31,821,000	\$33,412,000	\$35,083,000
Total Expenses	\$ 59,035,867	\$58,951,334	\$84,533	0.1%	\$60,285,779	\$60,422,472	\$62,235,000	\$64,102,000	\$66,025,000
Total State Operating Contract ^	\$ 29,606,390	\$29,606,390	\$0	0.0%	\$29,110,318	\$31,106,472	\$32,604,000	\$32,905,000	\$33,157,000
TRAIN ONLY									
Train Only Revenue	\$ 27,864,725	\$28,164,699	(299,975)	-1.1%	\$29,635,000	\$29,616,000	\$29,912,000	\$31,407,000	\$32,978,000
Train Only Expenses	\$56,984,867	\$56,900,334	84,533	0.1%	\$58,275,219	\$58,371,472	\$60,153,200	\$61,958,000	\$63,817,000
Train Only State Operating Cost	\$ 29,120,142	\$28,735,635	384,508	1.3%	\$28,640,219	\$28,755,472	\$30,241,200	\$30,551,000	\$30,839,000
Passenger Miles	114,563,643	109,160,600	5,403,043	4.9%	119,893,083	116,424,000	117,612,000	120,192,500	123,795,000
Train Miles	1,190,345	1,195,185	(4,840)	-0.4%	1,163,854	1,163,854	1,163,854	1,163,854	1,163,854

^ - Includes payments to Amtrak for use of equipment (including insurance) and minor capital costs. Not included in any other line item.

• - Represents fixed price contract cost Actual contract cost may be lower, but not higher.

**APPENDIX D
RIDERSHIP RESULTS**

**How's Business?
Ridership**



■ 2X Prior 12 Months
 ■ Prior 12 Months
 ■ Current 12 Months

-2.25% Overall 12-Month Growth
 Ridership Last 12 Months=1,719,793
 Ridership Prior 12 Months=1,759,422

% difference current month to prior year's month

