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Managing Director

**CAPITOL CORRIDOR
JOINT POWERS AUTHORITY**

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Date: February 10, 2017
To: Capitol Corridor Joint Powers Board Directors
From: David B. Kutrosky
Managing Director
Subject: Supplemental Materials for the CCJPA Board Meeting -
February 15, 2017

Please find attached for your review:

- Annual Performance Report (FY 2016)
- Managing Director's Report – [Item V.6]
- Marketing Activities
- Performance Charts including Uniform Performance Standard FY 17 1Q
- Business Plan Update {Final Draft FY 2017 -18 and FY 2018-19}
- CCJPA Business Plan Comments (FY 2017-18 and FY 2018-19)
- CCJPA Independent Auditor's Report YE June 2016 and 2015
- CCJPA Report to the Board of Directors YE June 2016

If you have any questions or comments, please do not hesitate to call me at 510/464-6993.

Sincerely,

David B. Kutrosky
Managing Director

Enclosures



2016 Performance Report

CAPITOL CORRIDOR JOINT POWERS AUTHORITY



Welcome Aboard!

Once again, FY 2016 was a record-setting year for the Capitol Corridor, which is also celebrating its 25th Anniversary of service this December 2016. Capitol Corridor shattered records across the board for ridership, revenues, and system operating (farebox) ratio. For FY 2016, ridership and revenues were up 5.8% at 1.56 million passengers, and 6.7% at \$32 million, respectively, over FY 2015. The FY 2016 farebox ratio of 55% is an all-time high in the history of the service, and can be attributed to lower fuel prices, reduced operating expenses, and actual ridership and revenues that exceeded budget forecasts. The Capitol Corridor Joint Powers Authority (CCJPA) has steadily grown ridership while building a solid record of financial and operational success. In FY 1998, annual ridership was just 463,000; 18 years later, ridership and revenue have more than tripled.

For service reliability, Capitol Corridor once again held the top spot out of 47 Amtrak routes nationwide, with a FY 2016 On-Time Performance (OTP) record of 94%, making it seven consecutive years in #1 position. The superior punctuality of the Capitol Corridor reflects Union Pacific Railroad's

A TRACK RECORD OF SUCCESS EIGHTEEN YEARS OF CCJPA MANAGEMENT

	SERVICE LEVEL	RIDERSHIP	REVENUE	REVENUE TO COST RATIO
FY 2016	30 Daily Trains	1,560,814	\$32.2 Million	55%
(PRE-CCJPA) FY 1998	8 Daily Trains	463,000	\$6.25 Million	30%
18 YEAR IMPROVEMENT FY 1998-2016	+275%	+237%	+414%	+83%

(UPRR) strong partnership with the CCJPA to provide the safe, reliable movement of Capitol Corridor trains along a rail corridor shared with high-priority freight trains.

Customer satisfaction is also at an all-time high, with 89% of customers stating that they are “Highly Satisfied.” These results, rated through Amtrak’s Customer Satisfaction Index, are now collected via electronic surveys sent to riders in real-time after they finish their train trip. The 89% “Highly Satisfied” overall rating is the highest score in the history of the service.

For FY 2016, service levels remained at 30 weekday trains with 22 trains on weekends and holidays. This high frequency service level represents the most weekday trains for state-supported Amtrak routes in the nation and provides expanded choices to the traveling public passengers along the route. These achievements were made possible by focusing on operational efficiency, safety and security; collaborative planning and partnerships; a commitment to superior customer service; and the adoption of new technologies to make the passenger experience safe, enjoyable and convenient.

OUR VISION

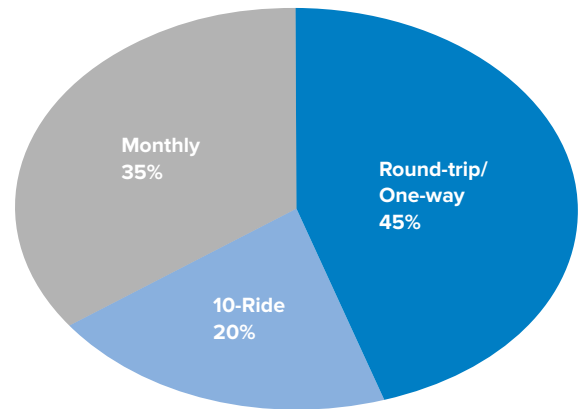
The CCJPA’s priorities and guiding values are described in our Vision Statement. We exist to:

- Provide high-quality passenger rail and connecting bus service that is safe, frequent, reliable and affordable;
- Develop rail service as the preferred means of travel connecting the three Northern California metropolitan regions (Sacramento-San Francisco/Oakland-San Jose/Silicon Valley);
- Deliver cost-effective expansion of superior passenger rail service; and,
- Build on constructive relationships with our partners: riders, local communities, National Railroad Passenger Corporation (Amtrak), Union Pacific Railroad (UPRR), Caltrain, and the State of California Department of Transportation (Caltrans).

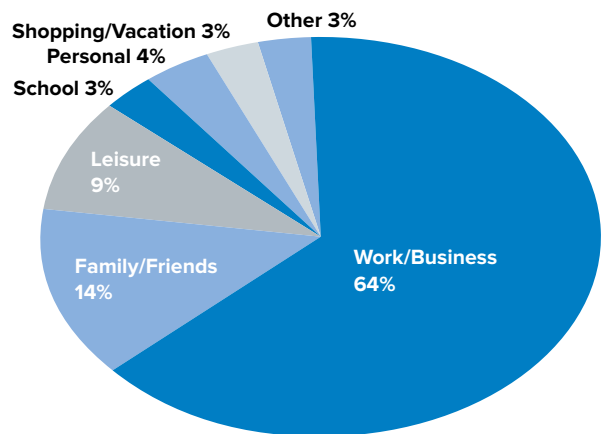
Service Overview

Capitol Corridor intercity trains operate along a 170-mile corridor between San Jose and Sacramento/Auburn with stops at 17 train stations and a bus connection to San Francisco. The Capitol Corridor route operates on tracks primarily owned and dispatched by UPRR, and a small

TICKET TYPE FY2016



RIDER PROFILE FY2016



TRAVEL-TO-STATION

MODE	FFY16	FFY17	% CHANGE
Walk	12%	28%	-1
Drop off/Pick up	25%	22%	+3
Drive	27%	20%	-3
Transit	17%	11%	+1
Bike	12%	14%	-2
Taxi/TNC	4%	1%	+3
Carpool	2%	3%	-1
Other	1%	1%	—

two-mile segment in Silicon Valley owned by Caltrain. The CCJPA manages the service through an operating agreement with Amtrak.

Trains provide direct connections with 19 local public transit systems and five passenger rail or rail transit systems, including BART, VTA, ACE, Caltrain, Sacramento Regional Transit, San Francisco Muni, and Amtrak's national train network. To supplement the train service, dedicated feeder bus and local transit routes serve communities south of San Jose (Santa Cruz, Monterey, Salinas, San Luis Obispo, Santa Barbara); north of Martinez (Vallejo, Napa, Santa Rosa, Eureka); and east of Sacramento (Truckee, Colfax, Reno, South Lake Tahoe). Together, these transit systems serve the second largest urban area in the western United States.

Where We've Been

FY 2016 SERVICE PLAN HIGHLIGHTS

Despite limited state and local funding sources supporting intercity passenger rail, the CCJPA has successfully moved forward with several Capital Improvement Projects, including:

- Funded the completion of several state-of-good repair projects performed by Union Pacific Railroad that continued the high reliability of the Capitol Corridor trains;
- Completed, with Caltrans and Amtrak, the early phases of an On-Board Information System (OBIS) for deployment on all California Intercity Trains, and are preparing to test the system prototype;
- Adopted the final Environmental Impact Report for the proposed Sacramento-Roseville 3rd Track Project;
- Conducted the discovery and analysis process for the Vision Implementation Plan, which is phase 2 of the Vision Plan Update process;
- Received an award of \$9 million in FY 2016-17 California Cap and Trade funds to complete the funding plan of \$79 million for the first phase of the Sacramento-Roseville 3rd Track Project, which when complete will allow for two additional round trips between Roseville and Sacramento/Bay Area. This grant will also advance the installation of wayside power cabinets for the Oakland Maintenance Facility (to reduce diesel engine emissions, decrease ambient noise levels, and reduce fuel consumption), and initiate a service optimization plan for Northern California Passenger Rail services;
- Completed the final design and construction schedule for the \$10 million FY 2015 Cap and Trade Travel Time Savings Project with Union Pacific. Capitol Corridor trains traveling between Sacramento and San Jose will realize up to 10 minutes in reduced travel time due to this project, which is expected to be completed in FY 2017; and,
- Implemented the Weekend Optimization Plan in August 2016, the biggest schedule change since 2006, which allows for late night service from the new Golden 1 Center in Sacramento, as well as additional peak-hour service to Silicon Valley/San Jose in the morning and from the Bay Area to Sacramento in the evening.

EQUIPMENT

- Positive Train Control (PTC) Collision avoidance signal system – PTC equipment is now installed on all 17 locomotives and all 19 cab cars, and is being kept up-to-date. Software installation and testing of rail vehicles, and implementation of a remote server to communicate the train's position to the host railroad dispatch center is expected to be completed in spring 2017, making way for

PTC testing to follow on Capitol Corridor trains. Union Pacific has already begun testing on its freight trains in our service area.

- Initiated testing plan for using renewable diesel, which would determine the viability and feasibility of using such alternative fuels on the locomotives with the intent to reduce lifecycle greenhouse gas emissions.

SAFETY & STATION UPGRADES

- Safety continued to be a major priority; passenger injuries decreased from 12 in FY 2015 to 5 in FY 2016. Unfortunately, trespasser fatalities rose from 18 to 22.
- Security Cameras at Capitol Corridor Stations – installation has begun for camera and surveillance equipment at the Auburn, Rocklin, Roseville, and Suisun stations. When complete, all Capitol Corridor stations will be equipped with security cameras and surveillance equipment.
- E-lockers – established access agreements with local municipalities to complete installation requirements for bicycle e-lockers at most Capitol Corridor stations.

TECHNOLOGICAL IMPROVEMENTS

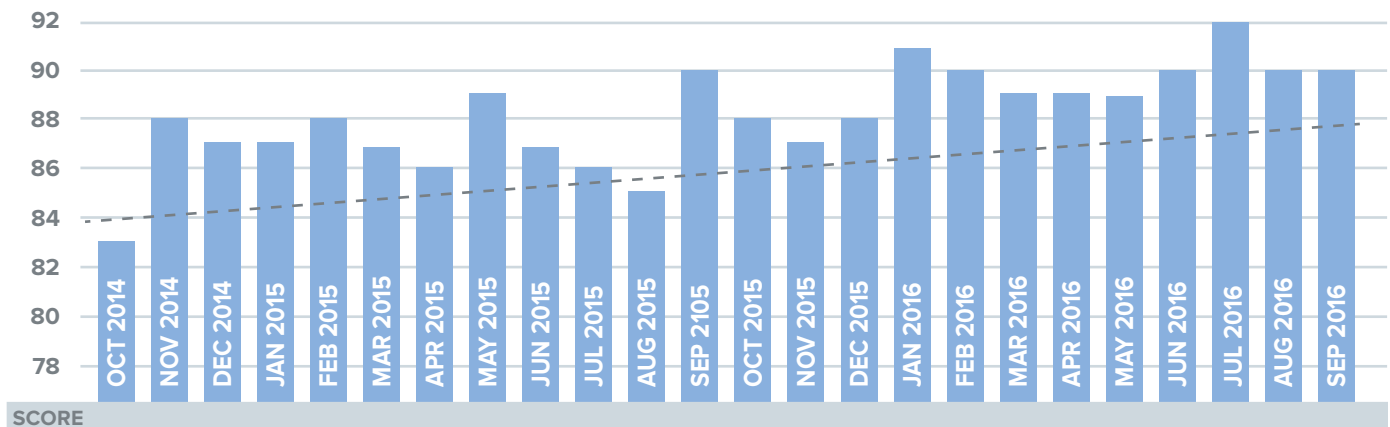
- Website navigation update – Redesigned Capitol Corridor website with new platform, allowing for smoother mobile access, tighter security, and easier navigation. Site now displays service alerts in real-time, and features a newly-created “First Time Rider” section.
- Established daily train ridership and performance data feed and used business intelligence platform to better monitor and plan service performance.
- Launched a new onboard Wi-Fi website, which includes real-time train status, station information, and latest Capitol Corridor news, entertainment content, and promotional offers.

MARKETING & COMMUNICATIONS

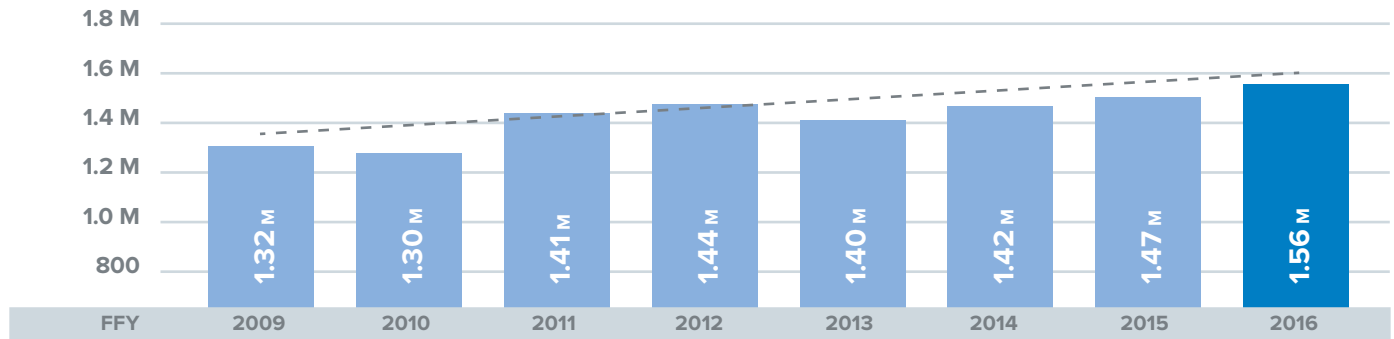
CCJPA’s FY 2016 marketing efforts focused on promoting off-peak ridership, primarily using social media and online channels to increase brand awareness of Capitol Corridor throughout the Northern California region.

- Renewed the popular “Take 5 for \$5 each” offer for small groups on weekends, and the Seniors Ride Half Off Midweek offer to boost off peak ridership, with each bringing nearly 2,000 monthly riders on average for the duration of the offers.

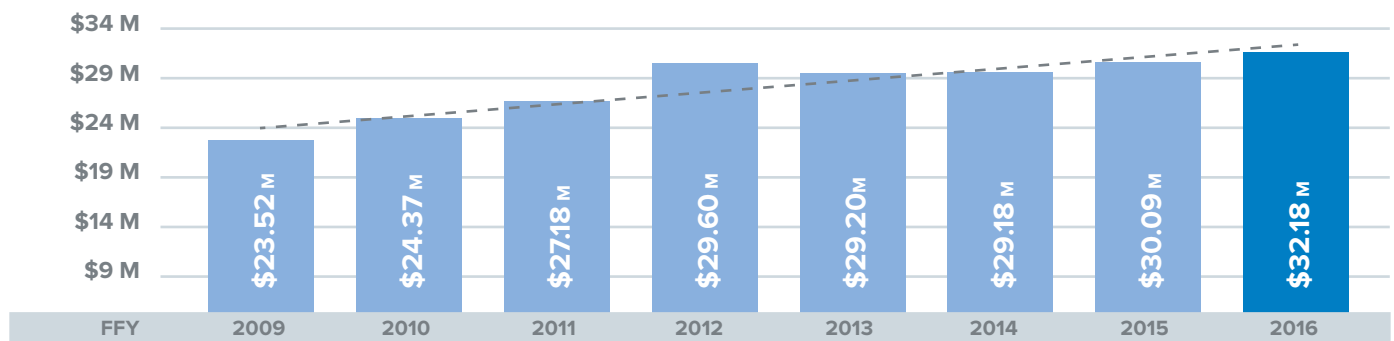
Customer Satisfaction Index (OCTOBER 2014 – SEPTEMBER 2016)



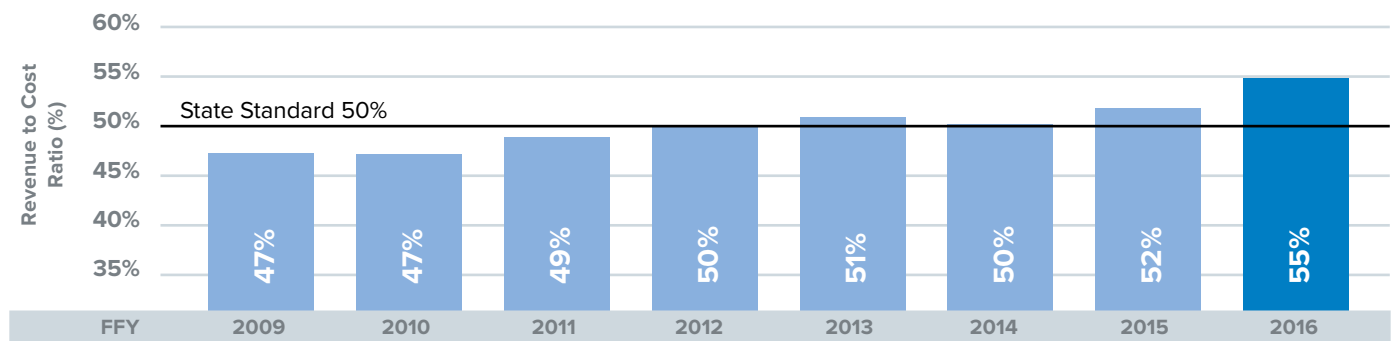
Ridership (IN MILLIONS)



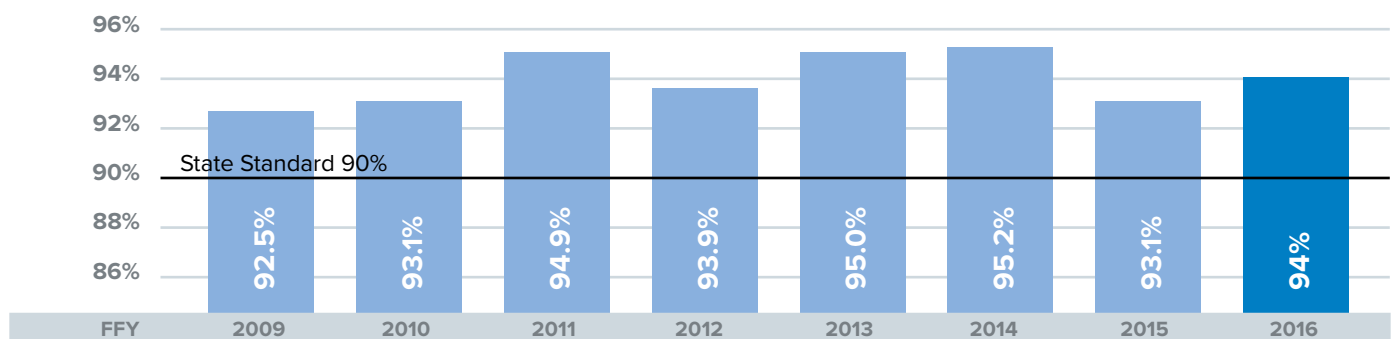
Revenue (IN MILLIONS)



Farebox (IN MILLIONS)



On-Time Performance



- Carried over the Friends and Family 50% off discount every day, also targeted at small groups.
- Continued partnerships with the Oakland Raiders, Cal Football, Oakland Athletics, Sacramento River Cats, and other large sports and entertainment events.
- Coordinated marketing communications for the Super Bowl 50 game at Levi's Stadium, for which Capitol Corridor carried over 1,000 passengers, a single-day record for the Santa Clara/Great America station.

Where We're Going

With limited new capital funds—and additional rolling stock not expected to arrive until 2017 through 2021—the CCJPA will focus on maintaining the 30-train weekday (and 22- train weekend) service plan and improving service performance and reliability. Programs planned or underway will allow for the following improvements in FY 2017:

- Exploring partnerships to support the start-up of folding bicycle rentals at selected stations;
- Evaluating opportunities to increase on-train bicycle storage systems;
- Security Cameras at Stations – Install security cameras at Auburn, Rocklin, Roseville, Suisun and stations;
- Renewable diesel fuel testing to be conducted in FY 2017;
- Adoption of Vision Implementation Plan and initiation of third phase of Vision Plan Update process, the Vision Communications Plan;
- Prototype installation and testing of the OBIS (On Board Information System) system scheduled to begin by end of FY 2017;
- Sacramento/Roseville 3rd Track Phase 1, which includes construction in Placer County, is scheduled to begin during FY 2017;
- Travel Time Savings Project improvements, funded in part by 2015 Cap and Trade TIRCP funds, will begin winter 2016 with completion by mid-2017, to reduce travel time by up to 10 minutes for trains traveling between Sacramento and San Jose;
- Several state-of-good repair track projects will be completed with our partners at Union Pacific;
- Richmond Station Platform Improvements: installation of a flashing light/beacon to facilitate transfers for passengers connecting from BART to Capitol Corridor, and the installation of a Clipper Card Parking Validation Machine (PVM), have target completion dates in spring 2017;
- Standby Power at Auburn layover site – construction underway of a standby power system that will allow shutdown of the locomotive's diesel engines during overnight layover servicing, saving diesel fuel and reducing diesel emissions and ambient noise levels, to be completed in December 2017;
- Signage – Begin a program of upgrades to the safety and information signage at Capitol Corridor stations by installing a new standard information display sign system;
- Positive Train Control – Final implementation of this control system will await coordination with the Capitol Corridor's railroad partners - Union Pacific Railroad and Caltrain. Each of those partners is working hard to implement Positive Train Control. For Capitol Corridor, minor programming issues and other necessary upgrades such as installing a landside server, and developing a safety plan are scheduled to be initiated this fiscal year;

- Receive initial order of new Tier 4 locomotives that will reduce pollutants and improve fuel efficiency; and,
- Equipment: door overhaul and replacements to be done in 2017, dining car overhaul to take place summer 2017.

MARKETING & COMMUNICATIONS

As Capitol Corridor celebrates its 25th year of service, staff will continue to build marketing programs to increase brand awareness and ridership throughout the Northern California megaregion. Partnerships pairing digital (online, mobile, social media) and traditional media (radio, TV) will promote the Capitol Corridor as a convenient travel option. This media mix of digital and traditional allows for a cost-effective and trackable means of increasing brand visibility and customer engagement. Promotional discounts will bolster ridership in key markets and during weekend/off-peak periods. Additional marketing endeavors may include:

- Develop new creative campaign that features Capitol Corridor's many unique amenities for riders, and touting the service's convenience compared to congested freeways;
- Targeted promotions aim to boost ridership on select segments with capacity, such as service to/from sports and entertainment centers such as Golden 1, Oakland Coliseum, and Levi's Stadium;
- Explore new fare offers for niche markets, to further boost off-peak ridership; and,
- Enhance delivery of train status information to customers through a variety of channels, and transmission of Service Alerts across Twitter and other media.

The 2017 Legislative Agenda

FY 2016 ACCOMPLISHMENTS

- The CCJPA has been working with the other California intercity passenger rail (IPR) agencies to raise awareness for continued and sustained investment in the state's intercity passenger rail program.
- State Legislature approved and the Governor enacted a \$126 million budget to support the operation of the three California IPR services, including the Capitol Corridor.
- The Legislature provided a one-time supplemental allocation of \$135 million in the Cap and Trade Transit/Intercity Rail Capital Program (TIRCP) as part of the State FY 16-17 Budget, which is available via a competitive grant process to state public transport agencies like the CCJPA.

FY 2017 ACTION PLAN

The CCJPA will seek to leverage limited State and federal funds to advance projects that will create jobs, and expand and improve service that in turn will reduce vehicular congestion and corresponding greenhouse gas (GHG) emissions in the Northern California mega-region. The CCJPA will work with legislative, transportation and finance officials on the following:

- The CCJPA will continue its efforts with the other California intercity passenger rail (IPR) agencies to include dedicated annual funding for the state's successful IPR services as part of any state legislative proposals to fix the state's transportation funding deficit;
- Ensure that the State transit funding levels continue to support the operation of the three California IPR corridors that conform to the requirements of Amtrak pricing methodology set forth in the Passenger Rail Improvement and Investment ACT (PRIIA) Section 209 Policy;

- Pursue and secure federal, State and other funds to finance the capital infrastructure investments to meet the CCJPA’s goal for expanded train service to San Jose and Roseville/Auburn; and,
- Seek funding to implement and complete projects to enhance system safety and security to protect employees, passengers and facilities, including Positive Train Control (PTC).

Closing Message

Capitol Corridor will celebrate 25 years of service in December 2016, and it is our goal to sustain its success and growth into the future. The ongoing success of the Capitol Corridor service is demonstrated by a high level of customer satisfaction and consistent overall growth in ridership and revenues. A steady base of frequent weekday and weekend riders continues to keep the Capitol Corridor as the third busiest route in the Amtrak system, thanks in large part to the high-quality, reliable, and customer focused operation of the trains.

We continue to work on projects that will further enhance the safety and security of our trains, and ensure that we meet sustainability and clean air goals for the State of California.

Our goal remains to improve the quality of life in the communities we serve by providing safe, convenient, affordable, reliable, and environmentally friendly passenger rail service. We thank our partners, taxpayers and customers for the ongoing support of the Capitol Corridor intercity passenger rail service.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY BOARD OF DIRECTORS

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2016 PERFORMANCE REPORT, ADOPTED NOVEMBER, 2016



Date: February 10, 2017
From: David B. Kutrosky
To: CCJPA Board
Subject: Managing Director's Report – February 2017

Service Performance Overview

The performance results for the Capitol Corridor in January 2017 improved after flat results in December 2016. 123,616 passengers rode the Capitol Corridor trains in January 2017, an uptick of 4.9% in year-over-year growth with revenue slightly up by 0.5% compared to January 2017. The Year to Date (FYTD 17) System Operating Ratio is 55%, exceeding the standard of 52%. This results are even more remarkable given the substandard on-time Performance (OTP) of 85% for January 2017.

Staff monitors the performance of the Capitol Corridor trains and has noticed sporadic and uneven service delivery with the recent spike in delays from various sources resulting in late trains and declining OTP. Meetings have been convened with the CCJPA service partners have identified targeted actions to address and reduce the delays in an effort to return service reliability that Capitol Corridor passengers deserve and have become accustomed to.

An initial assessment indicates there is more than one factor contributing to the reoccurring delays--some within the control of our service partners, as well as others over which there is little or no control, or situations where there may have been compounding incidents. The main causes of recent delays are: trespasser-related incidents; signal failures; bridge delays; train equipment malfunctions; track construction/maintenance; and inclement weather

Standard	Jan. 2017	Jan. 2016	YTD	vs. Prior YTD	vs. FY17 Plan
Ridership	123,616	4.9%	518,819	3.2%	6.0%
Revenue	\$2,537,869	0.5%	\$10,785,140	2.7%	3.0%
Operating Ratio	49%	50%	55%	-0.4%	6.5%
OTP	85%	95%	89%	94.5%	-1.3%
Customer Satisfaction	87	88	87	-1.6%	-1.9%

FY 17-18 Draft State Budget/State Legislation

On January 10, 2017, Governor Brown released his draft budget for FY 17-18, which continues a focus on keeping operational costs flat, maintaining the state's Rainy Day Fund in anticipation of an economic downturn for the state, and supporting limited one-time strategic investments. Aligning with the investment policy, the Governor's budget proposal addresses the state's transportation infrastructure crisis, which would invest up to \$4 billion per year (\$40 billion over the next 10 years) dedicated to: "fix it first" projects to repair local roads and state highways and bridges; trade corridors that will increase economic growth; matching funds for high priority transportation projects; and directing investments for passenger rail and public transit modernization and improvements. Specifically, of interest to the CA Intercity Passenger Rail Services:

1. *Cap and Trade Transit Intercity Rail Capital Program (TIRCP)* – The proposed budget for TIRCP initially maintains the continuously-appropriated funds from the Cap and Trade auction proceeds plus some supplemental funds from debt repayment for a total of \$400 million. The CCJPA is an eligible applicant for these funds and has been successful in the two prior awards of TIRCP funds.

2. *CA Intercity Passenger Rail Operating Budget* - The Governor's Draft FY 16-17 Budget provides the same amount of funding (\$131 million) as the enacted FY 15-16 budget for the operating support of the operation on the three intercity passenger rail routes (San Joaquin, Pacific Surfliner and Capitol Corridor), which includes the new 7th San Joaquin round trip train that was added last year. The Governor's draft budget may be updated as part of the May Revise based on Amtrak's submittal of final FY 17-18 operating (and ridership and revenue) estimates which are due in late Spring 2017.

State Legislation

Senator Beall introduced Senate Bill 1 at the start of the 2017-2018 California state legislative session, which outlines a wide range of portfolio of added taxes and fees totaling \$6 billion per year to address the state's public transportation financing deficit. Most notably for CIPR services, the bill increases the incremental diesel sales tax to 5.75% (generating approx. \$300 million) with a split of 5.25% (generating approx. \$260 million) of these revenues to local transit (bus/rail) services with the remaining 0.5% (generating approx. \$40 million) directed to intercity passenger and commuter rail services. Also, the allocation of Cap and Trade auction proceeds to TIRCP discretionary grant funds are doubled [from 10% to 20%] resulting in a new total amount of \$200 million per year.

While the CCJPA stands to receive increased Cap and Trade TIRCP funds via a discretionary grant program, the CCJPA, for the first time, will have the opportunity to receive a dedicated source of annual funding (nearly \$40 million) for the state's passenger railroad services (3 intercity passenger + 5 commuter rail services). While the annual amount is less than desired, SB1 marks a step in the right direction towards recognizing the need to include the state's intercity passenger rail services as part of any solution in addressing the state's transportation financing deficit.

Assemblymember Frazier introduced Assembly Bill 1, at the same time SB 1 was introduced, which presents similar increases in taxes and fees to SB 1 to produce approximately \$6 billion per year. This bill; however, does not include a dedicated annual funding program for the CIPR services as proposed by SB 1.

FY 2017 Federal Appropriations

On December 9, Congress extended the current Continuing Resolution (CR) for the FY 17 federal budget until April 2017 to allow for the new U.S. President and federal administration to settle in. At that time, the new federal administration and Congress will need to determine whether to extend the CR through the remainder of FY 17 (September 30, 2017) or develop an omnibus budget for the period through FY 17. For purposes of funding the Rail Title from the FAST Act, an Omnibus budget bill for FY 17 can provide up to \$80M from the CRISI (rail infrastructure) or SOGR (state of good repair) that can be available for state intercity passenger rail capital funding. A CR, however, will result in no funds being appropriated to the FAST Act Rail Title.

Discussions continue between members of the new federal administration and Congress regarding the President's campaign promise to invest \$1 trillion into the nation's infrastructure. Proposals with project lists and costs have been submitted by the President as well as by a coalition of governors of various states, which do not include passenger rail projects in California.

Customer Service Program Upgrades

- Bicycle Access Program: BikeLink eLockers have now been installed at Emeryville, Martinez, and Davis. Installation of additional eLockers at remaining Capitol Corridor stations will continue to proceed in early 2017. To address continue increases in demand for onboard bike storage capacity, CCJPA staff are working with a vendor to refine a bike hook design that will increase capacity by 33%. A pilot of the bike storage modification will be carried out on a bike car on revenue trains for passenger feedback by mid-2017. CCJPA staff are also working with Amtrak to design an onboard bike storage solution for the lower level of Superliner coach cars, which currently serve as informal bike cars. CCJPA is currently finalizing a design review

agreement with Amtrak in order to start the design process. CCJPA staff, with the assistance of BART Procurement, is finalizing an RFP to solicit proposals for a folding bicycle rental service at select Capitol Corridor stations. The folding bicycle rental service is aimed at both business and leisure travelers who would want to have a bicycle that can go wherever they go, whether that's on the train or in an office or hotel room.

- Richmond Station Platform Improvements. The CCJPA staff has been working with BART staff to implement a flashing light/beacon at the Capitol Corridor/Amtrak Richmond station platform which will indicate to conductors on Sacramento/Auburn-bound Capitol Corridor trains that a BART train is approaching, and to wait for passengers to transfer from the inbound BART train to the waiting eastbound Capitol Corridor train. In addition, the project will involve installation of a Clipper Card Parking Validation Machine (PVM) on the Capitol Corridor/Amtrak boarding platform so that Capitol Corridor passengers parking at the Richmond BART parking garage can pay/validate for parking with their Clipper Card on the train platform. BART Engineering has reviewed the design for these elements, and plans to use BART employees to implement the project in 2017.
- Marketing: Promotions have begun on "Buy-Get One Free" on Saturdays.

Safety Initiatives

- Security Cameras at Capitol Corridor Stations: Procurement is complete for the installation of cameras and surveillance equipment at the Rocklin, Roseville, Suisun, and Fremont stations. This project will be constructed during the half of 2017. Funding has been identified in a future funding year for security cameras at the Martinez, Emeryville, and Oakland Jack London Square stations. When complete, all Capitol Corridor stations will be equipped with security cameras and surveillance equipment.
- Positive Train Control: The Union Pacific Railroad has continued to advance PTC implementation on their system. The Union Pacific's testing of the PTC system now includes all of their major routes in California. The testing covers only select Union Pacific freight trains, and at this time does not include any operating partners such as Amtrak, Capitol Corridor or ACE. The CCJPA has received and is reviewing initial information from UPRR on the expected installation and maintenance costs of PTC for the Capitol Corridor route.

Installation of the PTC hardware (electronic equipment) on the state-owned rail equipment is currently complete for the Northern California intercity rail fleet (supporting the Capitol Corridor and San Joaquin trains) with all locomotives and cab cars equipped. Software installation and testing continues with the on-board equipment. Amtrak's installation of the remote back-office server (BOS), which will convey the location of the Capitol Corridor trains to the UPRR dispatch center, is under development and should be available for testing in mid-2017. Caltrain continues its of their PTC system known as CBOSS, but they have not yet extended their testing to any other operating partners.

Project Updates

- Travel Time Savings Project: UPRR is working towards completion of the TTS Project with a projected completion date in mid-2017. The project schedule advanced about 9 months earlier than initially estimated due to availability of UPRR construction crews. The next steps included will include calculating reduced travel times (estimated to be between 6-10 minutes) to be achieved for Capitol Corridor trains between Sacramento and San Jose. This project was financed with a combination of \$10 million in Prop 1A High Speed Train Connectivity funds and \$4.62 million in Cap and Trade TIRCP funds.

- Oakland-San Jose Phase 2 Track Project. The engineering and environmental consultants are nearing completion of the initial environmental investigations for the Newark-Albrae and Great America double track segments. Concurrently, Caltrain is completing the design and environmental plans for the track upgrades into and out of the San Jose Diridon Station terminal facility as a means to accommodate additional Capitol Corridor trains.
- Sacramento-Roseville 3rd Track Project. CCJPA will need to apply to the California Transportation Commission (CTC) for the full funding for proceeding into final design and construction for Phase 1 of the Sacramento to Roseville 3rd Track Project. Now, CCJPA is working through initial 30% design plans on the project area immediately adjacent to Old Town Roseville so that both the City of Roseville and UPRR can provide CCJPA the necessary preliminary details of schedule and budget for the CTC funding allocation. CCJPA staff anticipate that application materials will be ready in March of 2017 for allocation at the May 2017 CTC meeting. From that point, contracts with the state for funding and with UPRR and the City of Roseville for design and project implementation can be issued and the project commenced.

Outlook – Closing

One-third through FY 2017, the performance of the Capitol Corridor continues to be at or above established annual performance standards for ridership, revenues, and efficiencies. Service reliability has slipped and, working with our service partners, corrective actions have been initiated to get OTP back to at least 90% or better while also ensuring the service continues to be a safe, convenient and high-quality mobility option.

While ridership and revenues are above prior year levels, this positive trend looks to be flattening. Marketing promotions are underway and being developed to increase ridership in the leisure and tourism markets to fill available seats on the trains. Other efforts to increase ridership will be the completion of the TTS Project and initiatives to enhance to the trains (such as the addition of station bike lockers and added on-board bike storage capacity).



2016-2017

Capitol Corridor- Completed/Proposed Marketing & Communications Activities Calendar

Modified 2/9/2017

July

- ✓ Oakland A's promotion ongoing
- ✓ USA Gymnastics promotion and discount
- ✓ Renewal of contracts with marketing vendors
- ✓ Continue budget close out of FY16
- ✓ Sacramento River Cats promotion continues
- ✓ Special service (delayed train) to International Champions Cup soccer match
- ✓ PedalFest promotion

August

- ✓ River Cats and A's promotions continue
- ✓ San Jose Jazz Festival
- ✓ Group Travel Planning for FY16
- ✓ New Timetable, 8/22
- ✓ Café Car Menus published
- ✓ Oakland Raiders promotion begins
- ✓ Cal Athletics promotion begins

September

- ✓ Oakland A's and River Cats promotions end
- ✓ Take 5 and Senior Midweek offers end
- ✓ KHTK Oakland Raiders radio promotion begins
- ✓ Visit Sacramento/Gold Rush Days promotion
- ✓ Rail Safety Month: video, social media
- ✓ Eat Real Food Festival promotion
- ✓ Rider Appreciation/Cappy Hour onboard event
- ✓ SHN/Lion King promotion begins
- ✓ Outreach at University of California Davis

October

- ✓ Golden 1 Center opening/Sacramento Kings
- ✓ "Outside my window" Social Media photo contest
- ✓ 2017 Transit Transfers, Placer Step-Up Coupons
- ✓ Begin design/production of Annual report
- ✓ Pier 39/Rocketboat, SF Giants, A's, Rivercats and Great America promotions end

November

- ✓ Cal, Raiders promos continue
- ✓ SHN/Lion King promotion/train wrap
- ✓ 25th Anniversary planning
- ✓ "Outside my window" photo contest voting and

announcement of winners

December

- ✓ 25th Anniversary event, promotion, and fare offer
- ✓ Harlem Globetrotters, Holiday Ice Rinks (Sacramento and San Jose)
- ✓ Raiders promotion ends

January

- ✓ Saturday Buy One, Get One fare discount starts
- ✓ Friends & Family fare discount renewed for 2017
- ✓ Business Plan— draft and Public Workshops
- ✓ Harlem Globetrotters social media contest
- ✓ SF Beer Week cross-promotion
- ✓ San Jose Downtown Ice Schools on Skates
- ✓ Visit Oakland partnership and promotion of Restaurant Week

February

- Stitch 'n' Ride Discount Offer
- SF Beer Week
- SJ Jazz Winterfest
- Exploratorium partnership
- Annual Report published & mailed
- BikeLink eLocker outreach
- Bay Area Travel Show

March

- Oakland A's promo and discount starts
- BikeLink eLocker outreach continues

April

- Possible Schedule Change
- River Cats partnership
- Oakland EarthEXPO
- Other Earth Day activities
- Senior Midweek Discount Offer

May

- Local Bike to Work Day events

June

- Contract/Vendor planning for FY18

Status Report – CCJPA Marketing: 2/9/2017

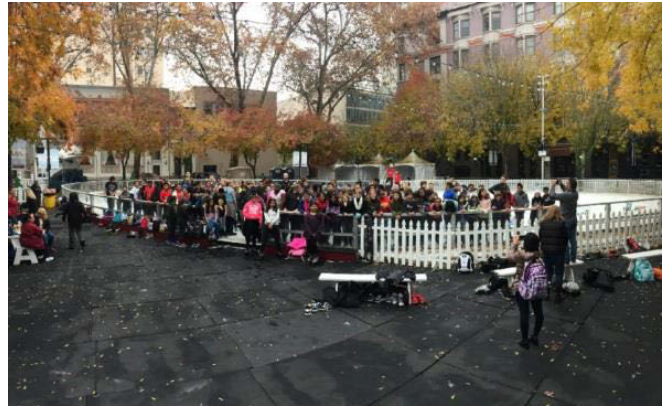
ADVERTISING, PROMOTIONS & EVENTS

Advertising/Promotions

- Continued Friends & Family promotion
- 25th anniversary private fare offer and Café Car coupon for multi-ride ticket holders
- KHTK Raiders radio promotion
- Buy One Get One (BOGO) Saturdays through June

Marketing Partnerships

- **Sports Partnerships:** Oakland Raiders: 25% fare discount for 2016 season and Cal Athletics: 25% fare discount for 2016 football season
- **Destination/Event Partnerships:** Great America, Pier 39/Rocket Boats, AT&T Park, Sacramento and San Jose Holiday Ice Rinks, Oakland Restaurant Week



Public/Media Relations, Announcements & Events:

- Promotion and outreach for Business Plan public workshops
- Harlem Globetrotters/VIP package social media contest
- Sacramento downtown ice rink school trip sponsorship

WEBSITE/ E-MAIL/ BLOG/SOCIAL MEDIA/ ON BOARD WI-FI

- **Capitol Corridor Communications: Service Alerts/CC Rail Mail/Blog/Wi-Fi Landing Page**

CC Rail Mail E-Newsletter 3,675 subscribers	Service Alerts (Email and Text) 2,907 subscribers	Get On Board Blog 763 subscribers
---	---	---

- **Get On Board** (www.capitolcorridor.org/blogs/get_on_board) – CCJPA staff recently developed eight destination-based, lifestyle articles that can be promoted via the blog throughout the year. These articles, which feature destinations along our route, are in addition to the various other features written by CCJPA staff, including the increasingly-popular *Weekend Picks*, which highlights weekend events along the route, and other news-related posts. Staff has also established other administrative tools to assist in managing publication of content via the many social media channels.
- **Website Updates** – Staff added several new content areas including a 25th Anniversary timeline, and Title VI Civil Rights page, enhancement to Service Alerts section, as well as ongoing updates to reflect new fare offers and partnerships.
- **Blog Activity for January 2017:**
 - Blog posts: 14
 - Blog page views: 2,559
 - Top 3 blog posts (by page views):
 1. Eight museums along the Capitol Corridor
 2. SF Beer Week
 3. Take the train to Lake Tahoe for winter escape
- **Onboard Wi-Fi Landing Page for January 2017:**
 - 58,145 pageviews (32,870 unique pageviews)
 - New Content updates include: BOGO Saturdays offer, Friends & Family offer, 25th Anniversary, San Jose Jazz Fest music tracks, Holiday Ice Rink



Status Report – CCJPA Marketing: 2/9/2017

- Twitter, Facebook, Instagram (as of 2/7/17)

 Facebook Fans = 11,841	 Twitter Followers = 4,551	Instagram Followers = 1,031
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JOINT COMMUNITY/MEMBER AGENCY PROJECTS

- **Yolobus Y Shuttle** – Coordinated special return service & PR on the Y Shuttle for travel between Sacramento and Davis after late-night Golden 1 Center events.
- **Schools on Skates event at Sacramento Downtown Ice Rink** – Capitol Corridor staff coordinated participation of a Sacramento-area elementary school for an afternoon of skating at the Downtown Sacramento ice rink.

ONGOING OFFERS

- **20% coupon** – This coupon is used primarily to offer a discount to single travelers and/or assist with customer service, so this is not in major distribution. New coupon began February 2016 and expires January 2017.
- **BOGO Saturdays** – This discount is designed to boost weekend travel with a Buy One, Get One Free offer for Saturday travel through the end of June 2017. Travelers buy one full-fare ticket and get another ticket free.
- **Friends & Family 50% off** – This discount is for small groups of two to six passengers, offering 50% off up to 5 companion fares with the purchase of one full-fare ticket. Friends & Family tickets must be purchased online, 2 days in advance. The promotion officially ends January 2017; however, we will renew the offer, as it is now established as an ongoing, small-group fare offer.
- **Group Travel/Train Treks** – This is an ongoing discount of 30% for Social and Business Groups of 20 or more passengers. The Train Treks program which serve youth and student groups offers set, deeply-discounted fares for school and youth groups.
 - **July 2016 – January 2017**
 - **Number of Groups Traveled:** 52
 - **Revenue from Groups:** \$30,007.60
 - **Number of passengers:** 1,977
 - **Top City Pairs:** Martinez to Sacramento and Sacramento to San Francisco
 - **Website Update 2/6/2017** - <http://www.capitolcorridor.org/group-travel-discounts/>
 - Cleaner layout that compliments the site's new look and feel
 - Target audiences are clearly defined (social, business and student groups)
 - Resources for groups are easier to find, including the addition of a Group Leader Guide



Status Report – CCJPA Marketing: 2/9/2017

PROMOTIONS REPORT

Friends & Family	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total YTD
Ridership	582	847	862	1,272	1,194	784	557	433	839	1,201	953	1,191	10,715
Revenue	\$ 10,834	\$ 14,544	\$ 15,576	\$ 22,969	\$ 20,244	\$ 14,426	\$ 10,185	\$ 8,399	\$ 16,045	\$ 24,059	\$ 18,503	\$ 22,615	\$ 198,399
Oakland A's	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Total YTD			
Ridership	4	479	537	383	382	490	630	161	4	3,070			
Revenue	\$ 58	\$ 9,438	\$ 10,340	\$ 7,452	\$ 7,104	\$ 9,946	\$ 12,508	\$ 2,576	\$ 87	\$ 59,510			
Oakland Raiders	Aug	Sep	Oct	Nov	Dec	Total YTD							
Ridership	46	464	920	793	1024	3,247							
Revenue	\$ 886	\$ 9,309	\$ 18,506	\$ 16,185	\$ 20,589	\$ 65,475							

Status Report – CCJPA Marketing: 2/9/2017

WEBSITE STATISTICS – January 2017

All Users
100.00% Sessions

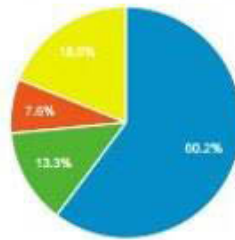
Visits

Sessions



Visits by Source

google (direct) etarget Other



Pageviews by Page path level 1

Page path level 1	Pageviews
/stations/	18,776
/	18,676
/schedules/	15,994
/tickets/	6,751
/bogosatundays/	6,509

Avg. Visit Duration

00:01:53

Avg for View: 00:01:53 (0.00%)



% New Visits

65.82%

Avg for View: 65.82% (0.00%)



Unique Visitors

37,945

% of Total: 100.00% (37,945)



Pageviews

94,382

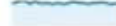
% of Total: 100.00% (94,382)



Pages/Visit

1.84

Avg for View: 1.84 (0.00%)



Bounce Rate

59.51%

Avg for View: 59.51% (0.00%)



Status Report – CCJPA Marketing: 2/9/2017

EARNED MEDIA REPORTS –January 2017

January 2017	
TOTAL EARNED MEDIA VALUE	\$598,044

Media Type Analysis:

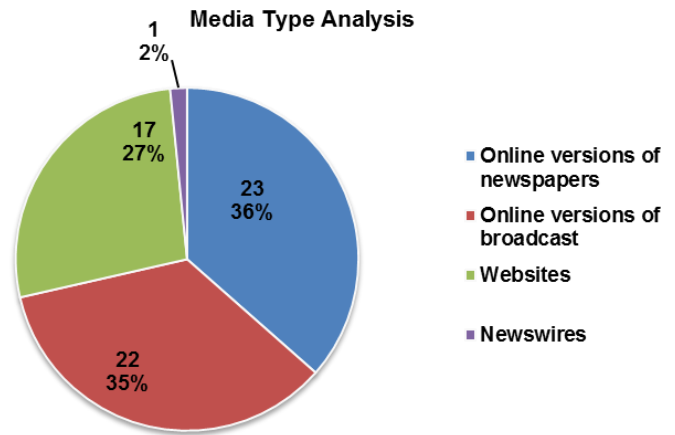
Capitol Corridor generated 63 articles in January 2017.

Online versions of newspapers published 23 articles (36 percent), which included coverage from *the Mercury News*, *East Bay Times*, *the Sacramento Bee* and *San Francisco Chronicle*.

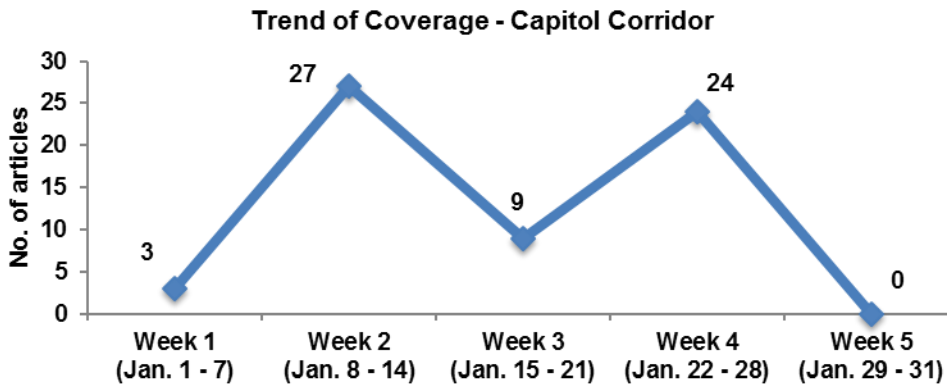
Online versions of broadcast generated 22 clips (35 percent) from *KPIX*, *KABC-TV*, *WNBC* and *KGO-TV*.

Websites contributed 17 articles (27 percent) from *SFGate*, *MarketWatch*, *International Business Times* and *Seattle Post-Intelligencer*.

Newswires had one article from *PRWeb*.



Trend of Coverage:



Week 1 had three articles.

Week 2 contributed the highest volume of coverage with 27 articles. Prominent topics included:

- Two musicians being hit by a Capitol Corridor train near Jack London Square in Oakland
- A Capitol Corridor train hitting a motorist in Santa Clara

Week 3 generated nine articles.

Week 4 saw 24 articles. Talking points included:

- Jim Allison (Manager of Planning, Capitol Corridor), being one of the speakers for the 2017 'Enterprise IoT Summit'
- Capitol Corridor officials declining to respond to *The Sacramento Bee* about the train, which shook violently near Davis

Week 5 had no coverage.

How's Business?

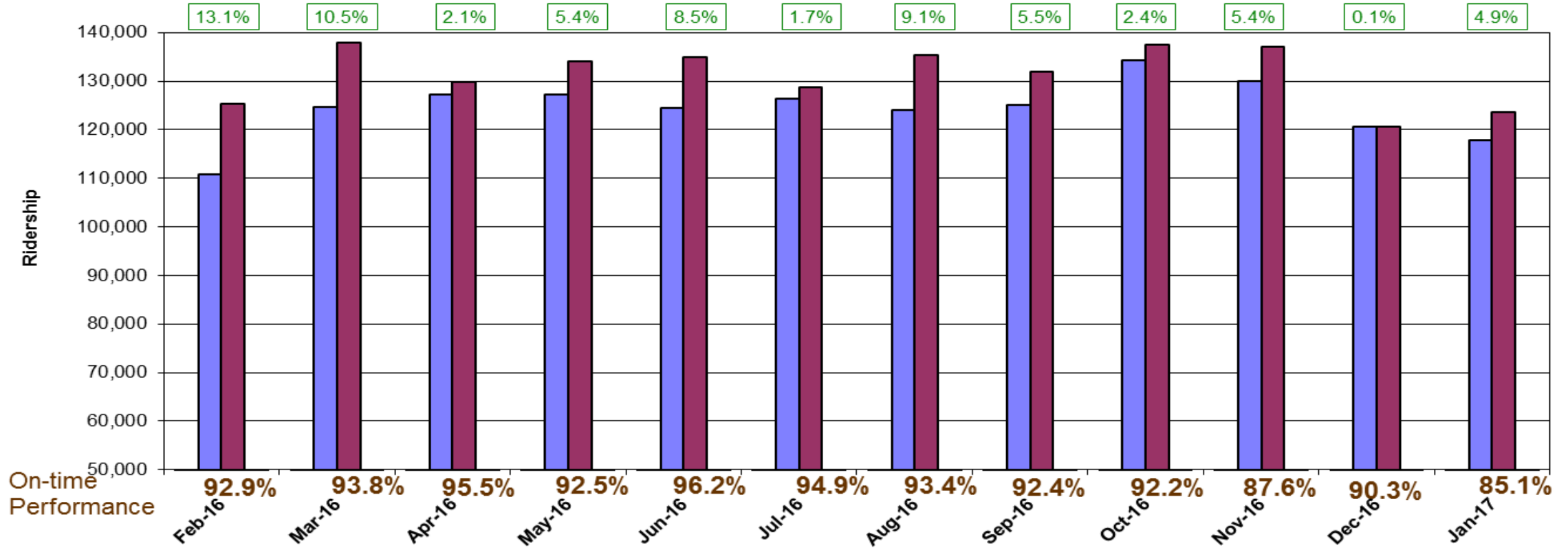
Ridership



■ Prior 12 Months
 ■ Current 12 Months

5.65% Overall 12-Month Growth
 Ridership Last 12 Months=1,576,946
 Ridership Prior 12 Months=1,492,638

% difference current month to prior year's month



How's Business?: Revenue

3.0% vs. FFY 17 Business Plan YTD

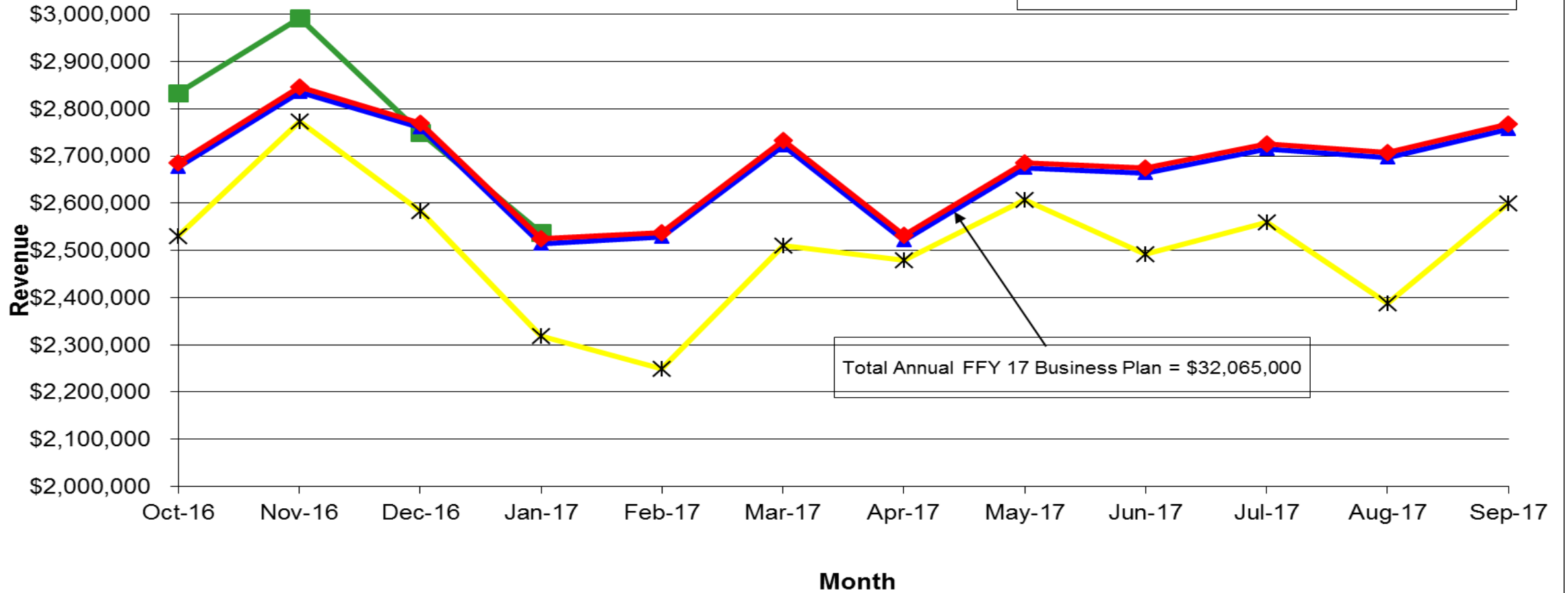
2.7% vs. Prior FFY 16 YTD

8.9% vs. Prior FFY 15 YTD

Capitol Corridor Performance FFY 2016-17 Monthly Revenues Actual vs Business Plan



- Actual FY 17 Revenue YTD (through Jan-17)
- FFY 17 Business Plan
- Actual FY 16 Revenue
- Actual FY 15 Revenue





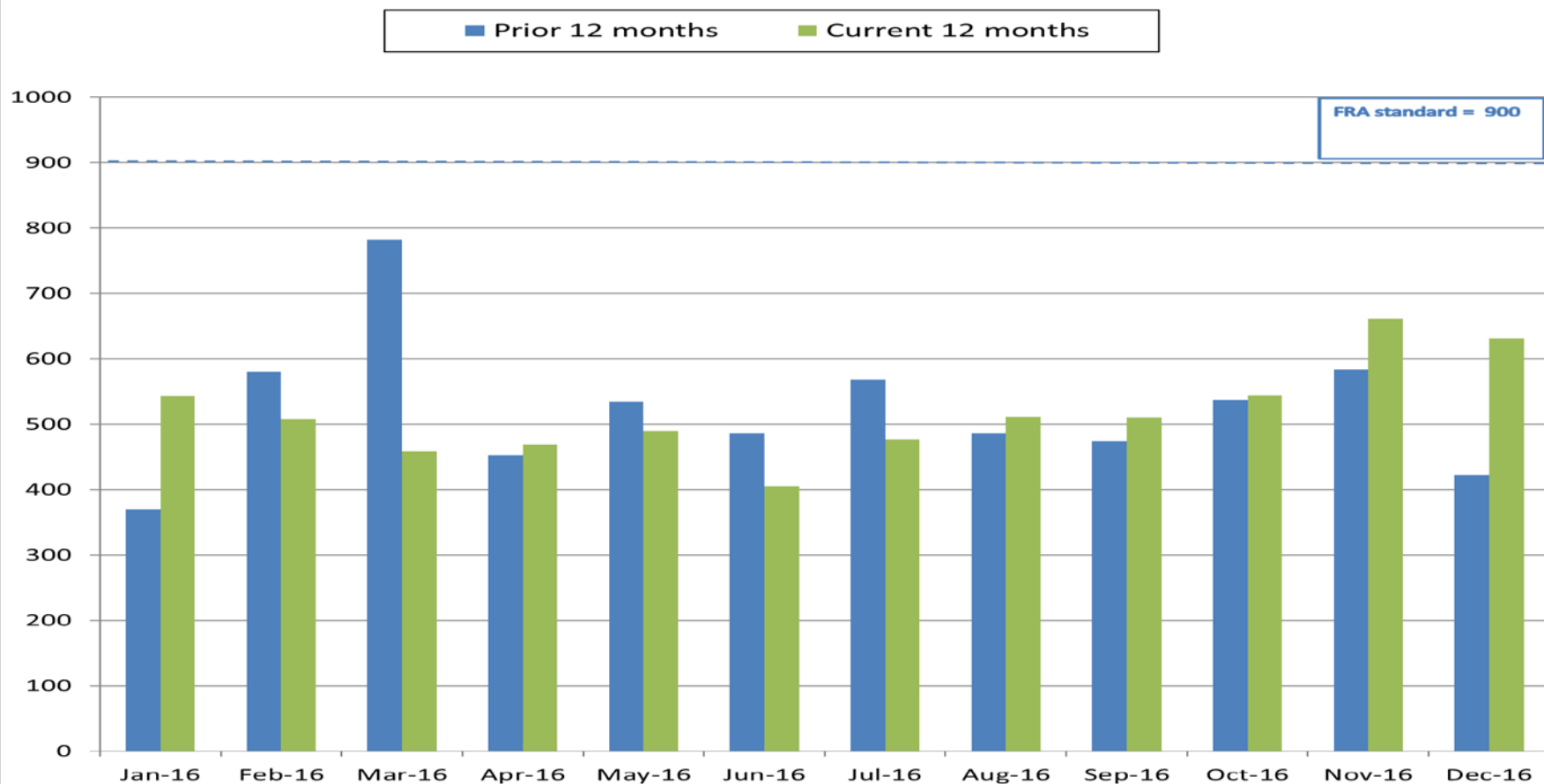
FY 2017 Performance Measures

Month	State Performance Standards (a)				Other Performance Measures		
	Ridership		On-time Performance	System Operating Ratio (b)	Revenues		Customer Satisfaction
	Actual	Business Plan	Actual	Actual	Actual	Business Plan	Actual
October-15	137,413	130,723	92.2%	61.4%	\$2,834,325	\$2,675,927	88
November-15	137,118	126,644	87.6%	58.3%	\$2,993,001	\$2,834,653	84
December-15	120,672	117,446	90.3%	52.9%	\$2,748,706	\$2,759,900	87
January-16	123,616	114,728	85.1%	48.8%	\$2,537,869	\$2,514,660	
February-16		121,958				\$2,528,430	
March-16		134,321				\$2,722,281	
April-16		126,497				\$2,521,935	
May-16		130,628				\$2,674,760	
June-16		131,449				\$2,663,780	
July-16		125,291				\$2,714,973	
August-16		131,840				\$2,696,930	
September-16		128,472				\$2,756,771	
Total YTD	518,819	489,542	88.8%	55%	\$11,113,902	\$10,785,140	86.6
Previous YTD	502,687	- -	94.5%	55%	10,826,394	- -	88.0
YTD Change	3.2%	6.0%	-5.7%	-0.4%	2.7%	3.0%	-1.6%
Annual Standard/Measure		1,520,000	90%	52%		\$32,065,000	89.7

a) Standard developed by CCJPA in annual business plan update and approved by the California State Transportation Agency

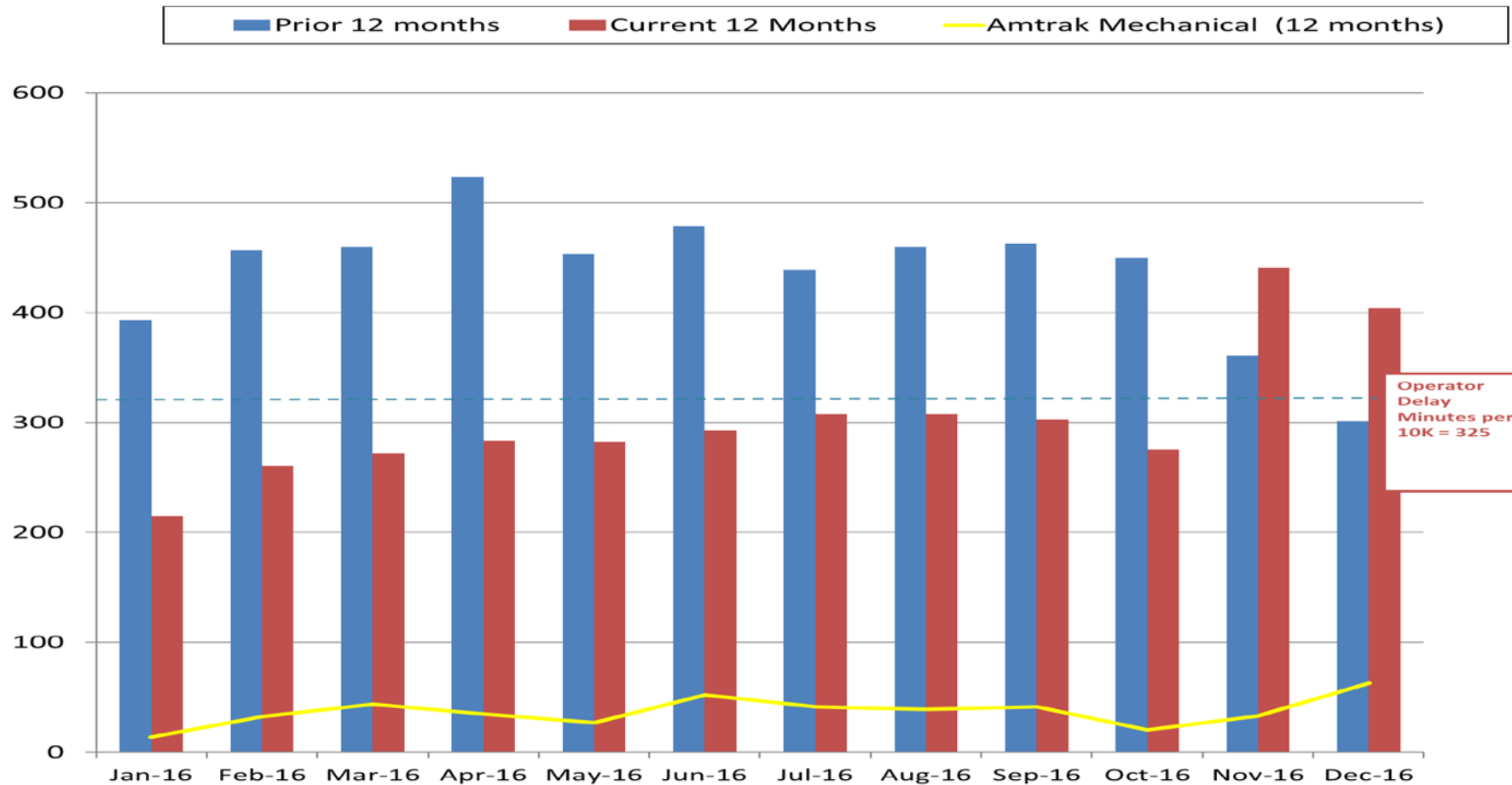
b) This standard measures total revenues (farebox and other operating credits) divided by total expenses (Amtrak operations + CCJPA Call Center)

Capitol Corridor Host RR Delays per 10K Miles



Monthly Average	
-Current 12 months	517
-Prior 12 months	536
% Difference	-3.7%
FRA Standard	
-Current 3 months	612
-Prior 3 months	515
% Difference	+19%

Capitol Corridor Amtrak Operator Delays per 10K Miles

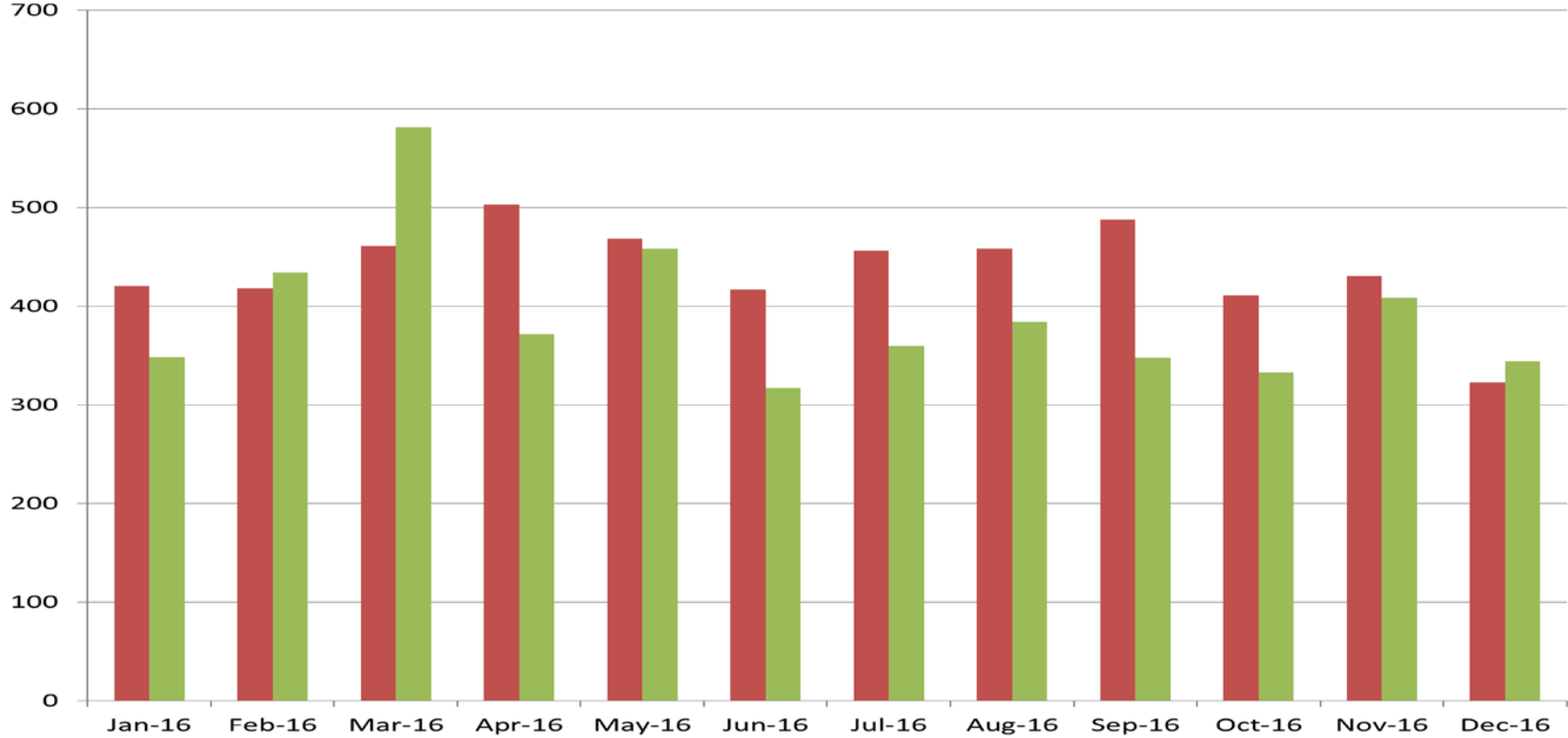


Operator Delay Minutes per 10K = 325

Monthly Average			
-Current 12 months	304	-Current 3 months	374
-Prior 12 months	436	-Prior 3 months	371
% Difference	-30%	% Difference	+1%
-Avg Mechanical Delays =	37 mins	-Avg Mechanical Delays=	39 mins
% Diff from prior 12 mos	-27%	% Diff from prior 3 mos	-15%

Capitol Corridor 3rd Party (Police, Trespasser, Bridge Lifts) Delays per 10K Miles

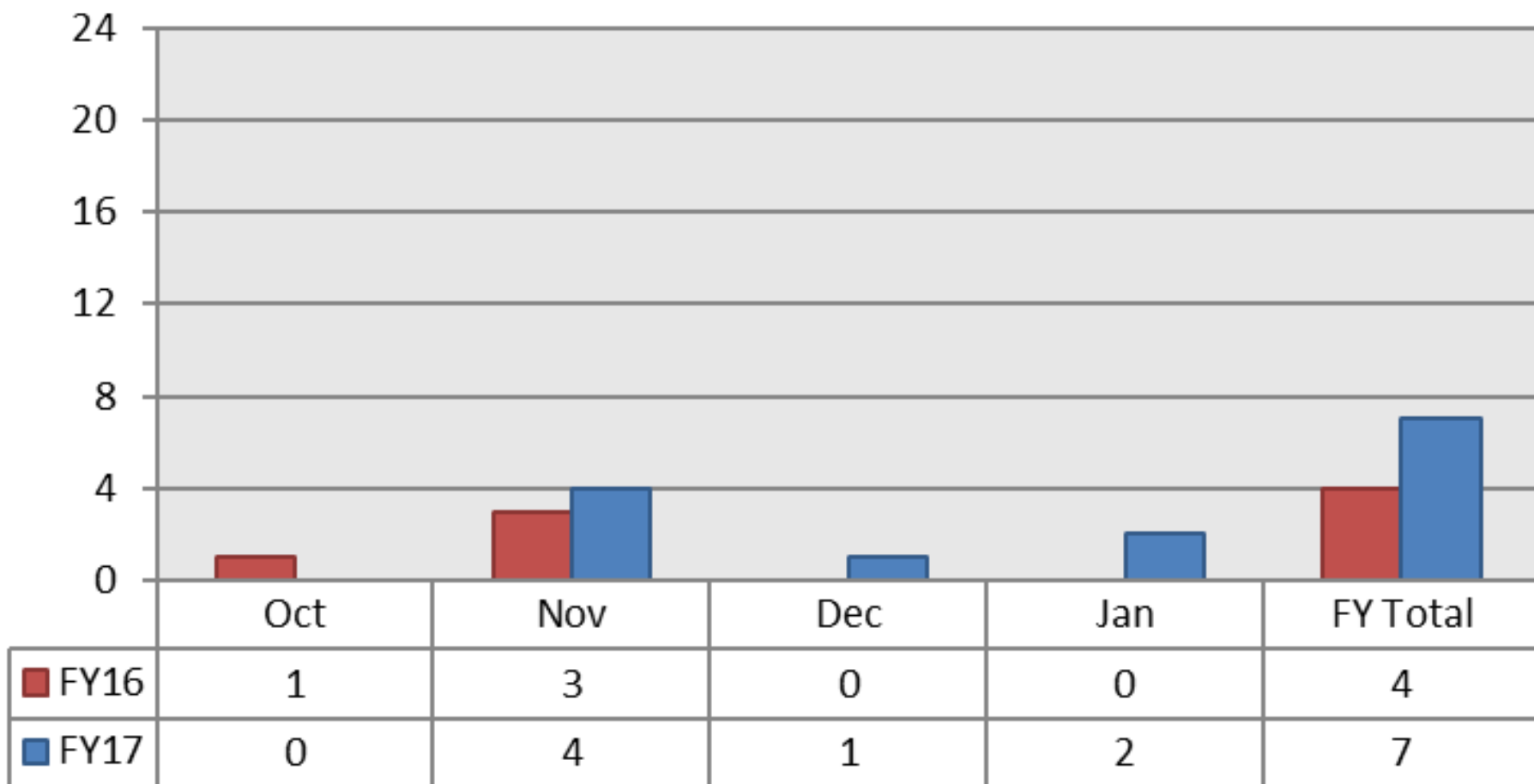
■ Prior 12 months ■ Current 12 months



Monthly Average	
-Current 12 months	391
-Prior 12 months	438
% Difference	-11%
-Current 3 months	362
-Prior 3 months	387
% Difference	-7%

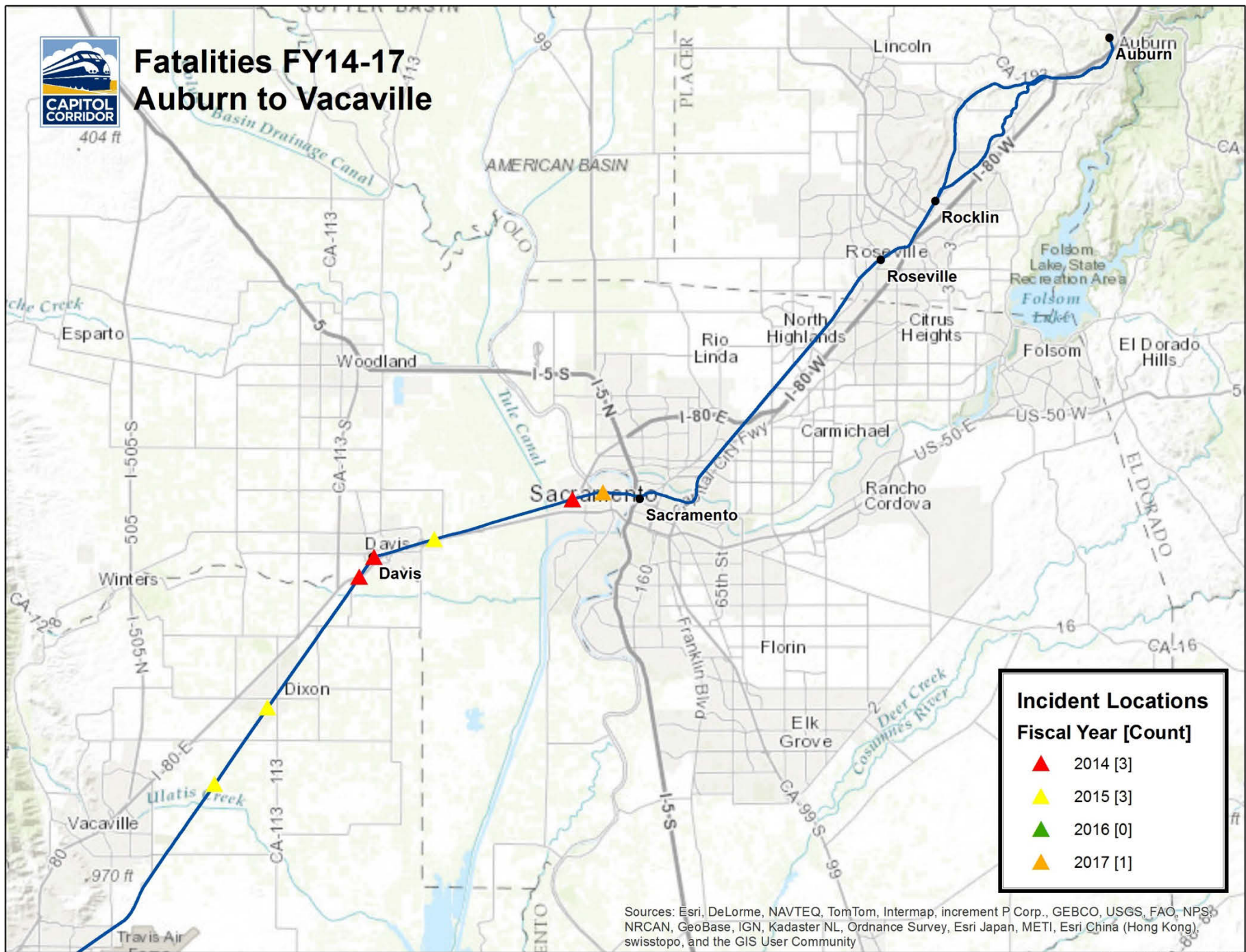


Capitol Corridor FRA Reportable Trespasser Fatalities (Class E)





Fatalities FY14-17 Auburn to Vacaville

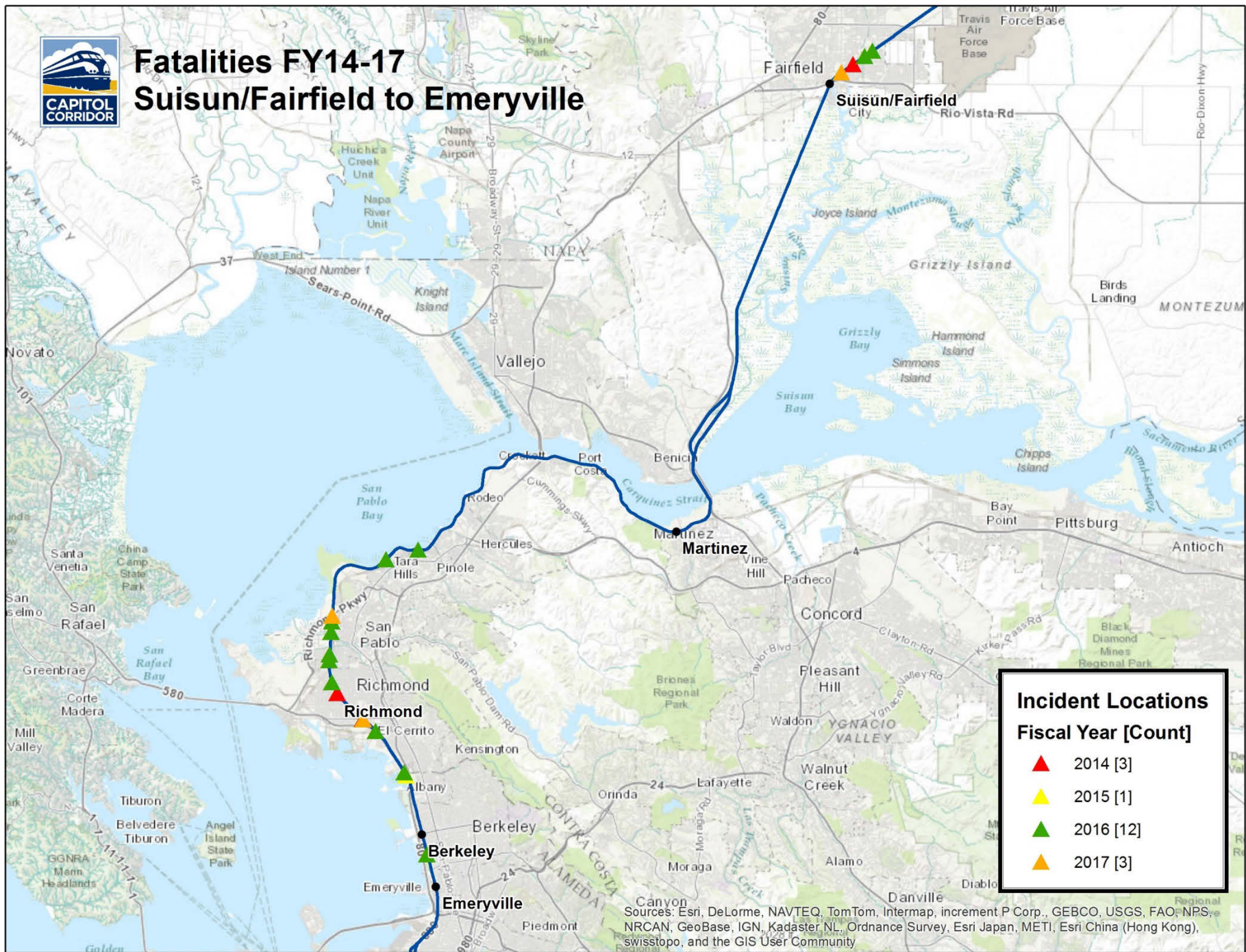


Incident Locations	
Fiscal Year [Count]	
▲	2014 [3]
▲	2015 [3]
▲	2016 [0]
▲	2017 [1]

Sources: Esri, DeLorme, NAVTEQ, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, and the GIS User Community



Fatalities FY14-17 Suisun/Fairfield to Emeryville

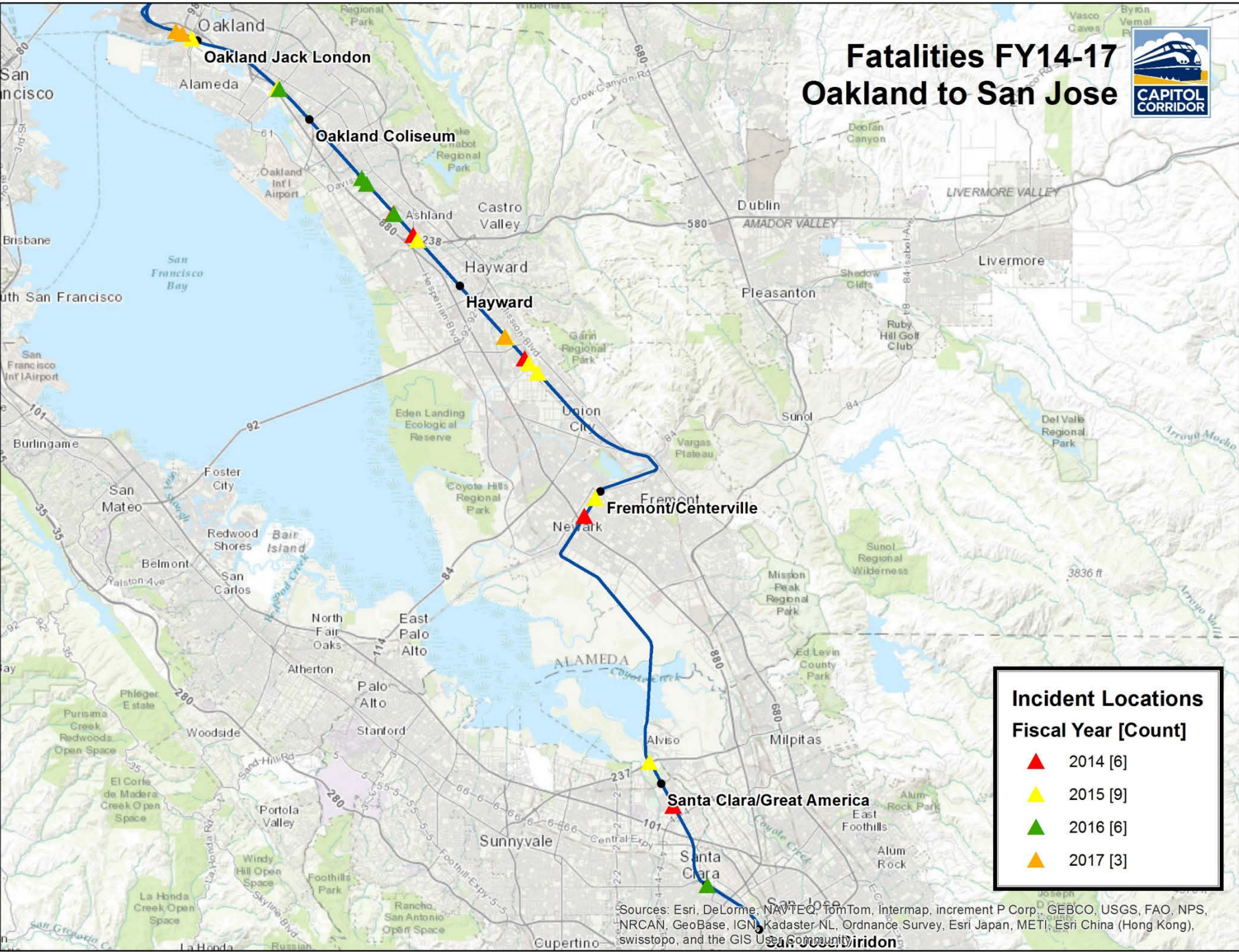


Incident Locations
Fiscal Year [Count]

- ▲ 2014 [3]
- ▲ 2015 [1]
- ▲ 2016 [12]
- ▲ 2017 [3]

Sources: Esri, DeLorme, NAVTEQ, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, and the GIS User Community

Fatalities FY14-17 Oakland to San Jose



Sources: Esri, DeLorme, NAVTEQ, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), Swisstopo, and the GIS User Community

Capitol Corridor
 State of CA Uniform Performance Standards
 Quarterly Report - 1Q FY 17
 Capitol Corridor Joint Powers Authority

Performance Standard	1Q FY 17 (October - December 2016)			
	Actual	Standard/Budget	% Change (a)	Comments
<u>Usage</u>				
Train Ridership	395,203	361,837	9.22%	
Train Passenger Miles	26,962,288	23,438,150	15.04%	
Bus Passenger Miles	2,335,532			
Total Passenger Miles	29,297,820			
<u>Efficiency</u>				
System Operating Ratio (train and feeder bus)	60%	50%	20.00%	
Total Operating Cost/Passenger-Mile	\$0.52	\$0.66	-21.21%	
<u>Service Quality</u>				
End-Point On-Time Performance	90%	90%	0.00%	
Stations On-Time Performance (Actual = FYTD16)	93%	90%	3.56%	
Operator Delays/10K Miles	374	<325	15.08%	Standard not met due to holds for connections and servicing for buses delayed by severe weather conditions
<u>Supplemental Standards</u>				
Revenue	\$8,576,032	\$7,706,739	11.28%	
Customer Satisfaction (based on monthly surveys from Amtrak)	87	88	-1.59%	
Mechanical Delays (Delays/10K train-miles)	39	60	-35.00%	
Total Operating Costs (vs. Budget) (inc BART CCJPA Call Center)	\$14,294,659	\$15,602,059	-8.38%	

1Q FY 16	
Actual	% Change
384,878	2.68%
25,944,826	3.92%
2,390,964	
28,335,790	
56%	7.14%
\$0.55	-5.45%
94%	-4.46%
95%	-2.20%
371	0.81%
\$8,302,114	3.30%
88	-1.59%
46	-14.85%
\$14,462,121	-1.16%

(a) Color Code

Performing at/better than standard

Performing less than standard





**CAPITOL CORRIDOR
INTERCITY PASSENGER RAIL SERVICE
BUSINESS PLAN UPDATE
FY 2017-18 - FY 2018-19
FEBRUARY 2017**

FINAL DRAFT (2/10/17 RELEASE)

**PREPARED BY
CAPITOL CORRIDOR JOINT POWERS AUTHORITY**

**PREPARED FOR
CALIFORNIA STATE TRANSPORTATION 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 2017-18 and FY 2018-19), to be submitted to the Secretary of the California State Transportation Agency (CalSTA) in draft form by April 1, 2017 and final form by June 15, 2017, giving time to Amtrak to develop its final operating cost estimates. 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 by 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):

- 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)

IN FY 2017-18 AND FY 2018-19 THE CCJPA WILL BUILD UPON RECORD SERVICE PERFORMANCE IN FY 2016-17 AND FOCUS ON SERVICE EXPANSION OBJECTIVES FOR THE PLACER COUNTY AND SILICON VALLEY MARKETS.

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, Capitol Corridor 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 to San Jose. In August 2012, the CCJPA was able to utilize the reconfigured Sacramento station to optimize operational cost effectiveness and reduced service to 30 daily round trips between Sacramento and Oakland (freeing up the two allotted track capacity slots to the sister San Joaquin Intercity Passenger Rail service).

Operating Plan. The service levels introduced in 2012 for weekday and weekend service, with slight modifications, have proven a success since they were introduced. In August 2016, CCJPA made the most significant adjustment to the 2012 operating plan by re-prioritizing weekday peak train travel to the Silicon Valley market, consolidating less productive off peak trains, and reconfiguring the weekend schedule to achieve higher ridership gains. The core 2012 schedule as adjusted in August 2016 will be the service schedule for FY 2017-18.

The basic operating costs for the Capitol Corridor conform with Section 209 of the Passenger Rail Improvement and Investment Act of 2008 (PRIIA). This policy is used to develop the costs for the FY 2017-18 CCJPA/Amtrak operating agreement and subsequent future CCJPA/Amtrak operating agreements. Based on initial forecasts, the FY 2017-18 budget is projected to increase by \$22,000 compared to the current FY 2016-17 budget due to lower growth rate of revenue when compared to increasing operating costs.

Capitol Corridor Service	FY 2017-18	FY 2018-19
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)	\$35,876,000	\$36,630,000
Change vs. FY 2016-17 Budget	\$22,000 [+0.1%]	\$776,000 [+2.2%]

Performance Standards. For this Business Plan Update, the CCJPA will incorporate the most recent version of the Uniform Performance Standards (UPS) as modified by CalSTA. The table below provides an overview of the performance of the Capitol Corridor compared to the UPS as well as the updated forecasted UPS for the next two fiscal years (see Appendix C):

Performance Standard	FY 15-16			FY 16-17 (through November 2016)			FY 17-18	FY 18-19
	Actual	Standard	% Change	Actual	Standard	% Change	Standard	Standard
<u>Usage</u>								
Route Ridership	1,560,814	1,461,450	+6.8	274,531	257,367	+3.9	1,587,000	1,603,000
Passenger Miles	104,135,023	98,255,200	+5.9	18,594,176	15,625,433	+19	106,456,000	107,529,000
<u>Efficiency</u>								
System Operating Ratio (train and feeder bus)	56%	50%	+12	57%	50%	+14	50%	50%
Total Operating Cost/Passenger-Mile	\$0.55	\$0.64	-14	\$0.51	\$0.64	-20	\$0.61	\$0.62
<u>Service Quality</u>								
End-Point On-Time Performance	94%	90%	+5	90%	90%	-	90%	90%
Stations On-Time Performance	95%	90%	+6	95%	90%	+5%	90%	90%
Operator Delays/10K Miles	303	>325	-7	358	>325	+10	>325	>325

Capital Improvement Program. The CCJPA’s Capital Improvement Program (CIP) is consistent with the CCJPA’s Vision Plan documents, regional and State of California transportation plans (e.g. Regional Transportation Plans [RTPs] and Caltrans’ State 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 CCJPA IS LEADING A KEY TEST USING RENEWABLE DIESEL. IF THE TEST PROVES SUCCESSFUL, IT WILL HAVE POSITIVE IMPLICATIONS FOR THE PASSENGER RAIL INDUSTRY IN CALIFORNIA TO REDUCE LIFECYCLE GHG.

By FY 2017-18, the CCJPA will have completed installing at-station bicycle access improvements and focus again on densification of bike storage on the train. CCJPA will also continue its Capitalized Maintenance program with Union Pacific Railroad (UPRR) to maintain superior on-time performance. Funded capital improvements that will continue to advance over the next two fiscal years include the travel time savings project and phase one of the service expansion to/from Roseville for the Capitol Corridor trains. Stations across the system will get new uniform signage/message/alert kiosks. Auburn station will get a wayside power and enhanced station camera system, and Richmond station will get a BART train alert signal to facilitate passenger connectivity. Consistent with the November 2016 adopted Vision Implementation Plan, expansion of additional service to/from San Jose (and potentially beyond to/from Salinas) will require methodical coordination of passenger and freight rail objectives among a wide variety of project and funding partners in the greater Bay Area region and at the State level.

Marketing Strategies. The CCJPA’s marketing strategies for FY 2017-18 and FY 2018-19 will continue to target specific markets and increase ridership where seating capacity is available by raising awareness of destinations, transit connections, and amenities. Another objective is to enhance customer service and travel information using enhanced communications.

Action Plan. Working with its service partners, the CCJPA continues to achieve annual record performance results for the Capitol Corridor and, as set forth in this Business Plan Update, will continue to ensure that Capitol Corridor is a safe, reliable, and customer-focused service. Capitol Corridor service will be managed to meet or exceed near-term budget projections. Promotional programs and campaigns will showcase the Capitol Corridor as the preferred transport alternative in Northern California Megaregion. CCJPA will conduct the planning analysis and cultivate the partnerships and funding necessary to make incremental as well as longer term transformational changes to the Capitol Corridor route.

1. INTRODUCTION

This Business Plan Update modifies the CCJPA’s report submitted to the Secretary of the California State Transportation Agency (CalSTA) in draft form by April 1, 2017 and final form by June 15, 2017, giving time to Amtrak to develop its final operating cost estimates. This Business Plan Update identifies the service and capital improvements that have contributed to the Capitol Corridor’s success during the past 15 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 CalSTA for the CCJPA’s operating, administrative, and marketing costs for inclusion in the State Budget proposal to the Legislature.

THE CAPITOL CORRIDOR PROVIDES A SUSTAINABLE TRANSPORTATION SERVICE CONNECTING THE THREE ECONOMIC EMPLOYMENT CENTERS IN NORTHERN CALIFORNIA: SACRAMENTO/CAPITAL, SAN FRANCISCO/OAKLAND, AND SAN JOSE/SILICON VALLEY.

For FY 2017-18, CCJPA will continue the operation of the schedule introduced in August 2016 that optimized the weekend schedule and made peak and off-peak weekday adjustments to the schedule to benefit the underserved Silicon Valley market. The service levels for FY 17-18 will remain the same as what is provided today: 30 trains during the weekdays between Sacramento and Oakland (22 weekend trains); 14 daily trains between Oakland Jack London Square and San Jose and 2 daily trains between Sacramento and Auburn.

The CCJPA is governed by a Board of Directors comprised of 16 elected officials from six member agencies (listed below) 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.

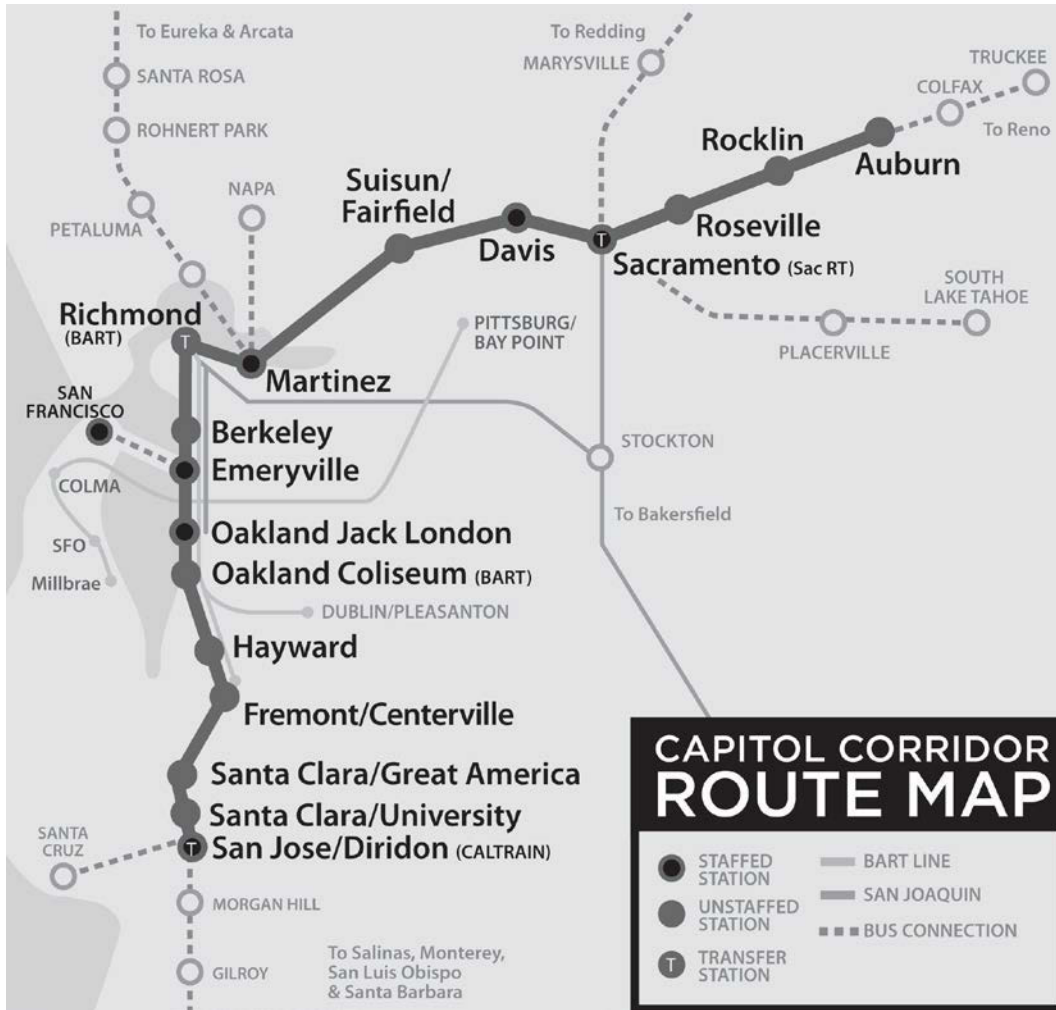
The Capitol Corridor serves 17 train stations along the 170-mile rail corridor connecting Placer, Sacramento, Yolo, Solano, Contra Costa, Alameda, San Francisco (via motorcoach), and Santa Clara counties. The train service parallels the I-80/I-680 highway corridor between Sacramento and Oakland, and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

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

The Vision Plan Update Process: The CCJPA Board established a CCJPA Board Ad Hoc Vision Plan Subcommittee that helped guide the high-level 2014 Vision Plan Update (VPU - a longer term vision of the Capitol Corridor service) and has continued to support the two additional stages to the overall Vision Plan Update process. The second stage of the plan, the Vision Implementation Plan (VIP), was adopted by the CCJPA Board in November 2016, and it is a plan with detailed engineering and operations analysis of the most viable options from the VPU. The VIP included an engineering analyzed and phased method of achieving transformational service change. The final stage, the Vision Communications Plan (VCP), was authorized in November 2016 and will include ridership modeling, economic analysis, financing

considerations, and wrap the prior VIP engineering analysis into a communications plan that will guide the public process of the Vision Plan Update implementation moving forward.

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



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 sharing 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.

Under management of the CCJPA, use of data has been a consistent tool to expand and fine tune service plans to optimize ridership, increase revenue, achieve cost efficiency, and improve safety. 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 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 (completed in 2006) and the Yolo Causeway second main track (completed in 2004). Together, these projects contributed to a 10-minute reduction in travel time between Sacramento and Oakland, in addition to more frequent service. The August 2006 service expansion remains the largest core service adjustment in Capitol Corridor’s service history. This core service plan has only been enhanced by slight service adjustments in August 2012 and August 2016.

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 track capacity improvements (see Section 4 for more details). Without these service 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

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 (+237%) AND REVENUES (+411%) DURING THE PAST 18 YEARS.

seating capacity by adding more rail cars to the existing scheduled trains. The August 2016 service plan that made small adjustments to the previous service plan to enhance weekday peak-hour service and revamp weekend service (the basis for the schedule in FY 17-18) and the ongoing travel time savings project (which will provide up to 10 minutes in corridor-wide travel time reduction) typify the type of ridership optimization options short of service expansion.

The benefits of these service expansions, service optimization adjustments, corresponding track capacity improvements and train equipment acquisitions have enabled the Capitol Corridor to increase market share and sustain significant growth in ridership (+237%) and revenues (+411%) during the past 18 years. These expansions have propelled and solidified Capitol Corridor’s status as the third busiest route in the Amtrak national system.

Near-term service expansions to/from Roseville and medium term expansions to/from San Jose, with possible service extensions to/from Salinas, are the clearest service expansion options for Capitol Corridor on the horizon.

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 (Salinas and San Luis Obispo) and east of Sacramento (South Lake Tahoe, CA 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 the San Jose/Diridon and Santa Clara/University stations; the Altamont Commuter Express service (Stockton – Livermore – San Jose) at the Fremont/Centerville, Santa Clara/Great America, and San Jose/Diridon stations; San Joaquin intercity trains at the Oakland Jack London, Emeryville, Richmond, Martinez and Sacramento stations; VTA light rail at Santa Clara/Great America and San Jose/Diridon stations; and Sacramento RT light rail at Sacramento Station. Together with these local transit systems, the Capitol Corridor serves the second-largest urban service area in Western United States and the most productive megaregion (in terms of per capita GDP) in the nation.

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, and there is a similar discount for tokens used in the San Francisco Muni system. 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, and WestCAT. There is also a Napa Vine Route 21 connection at the Suisun-Fairfield station with connections to the Napa Airport. 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.

The use of discounted BART and SF Muni fares and free transit transfer passes has declined sharply since a high of over 100,000 uses in 2013, despite increases in overall Capitol Corridor ridership over the same period and very slight decline “transit as the mode-of-access” numbers. The rise of on-demand ride services offered by transportation network companies (TNC’S) and the adoption of the “transit stored-value” Clipper Card in the Bay Area are likely reasons for the rapid decline. If the program continues along the trends demonstrated in FY 2014-15 and FY 2015-16, we would expect a similar decline in uses over a given year. Following the trends, we expect 38,000 uses for FY 2017-18 and 34,000 uses for FY 2018-19. For FY 2017-18 the CCJPA will make a marketing commitment to promote the use of the discounted fares and transit transfers to do better than the trends would suggest.

CCJPA has begun initial discussions with interested agencies to explore opportunities to significantly improve through-ticketing options. Linked payment with some local transit connections via stored value cards, like Clipper in the San Francisco Bay Area, or even with transportation network companies (TNC) such as Lyft or Uber are examples. To date, Amtrak’s ticketing system has been focused on using a different technology that currently does not provide for or accommodate external ticketing and fare collection relationships with other potential partner transit services. The Swiss, managed by Swiss Federal Railways (SBB Schweizerische Bundesbahnen), have a fully integrated transit ticketing and fare system, largely because there is a strong national policy support for this system. Similarly, state or strong mega-regional leadership to integrate fares and ticketing systems would be required to achieve through ticketing.

FY 2016-17 Operating Plan

The CCJPA’s operating plan for FY 2016-17 was initially based on the August 13, 2012 timetable schedule, which was then adjusted further since the August 22, 2016 timetable schedule. In both cases, an efficient mixture of service along with train and crew turns was used to support a schedule that optimized the constrained financial (operating and capital) support from the State. This August 2016 service plan continues to be the basis for the current Operating Plan for FY 2016-17:

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

Over FY 2016-17, the CCJPA was forced to adjust the motorcoach service to/from San Francisco to account for sudden rising labor costs for the San Francisco motorcoach service. CCJPA took immediate action to minimize impacts to riders by providing discounted transit connections tickets, since most of the San Francisco bus stops are already well-served by local transit such as BART and SF Muni. Discounted BART tickets were provided on board already and SF Muni tickets were added for sale on board Capitol Corridor to facilitate connections to San Francisco and the San Francisco Bay Area for our passengers. Data analysis of historical motorcoach use was used to develop a cost-effective service adjustment.

FY 2017-18 and FY 2018-19 Operating Plans

CCJPA will maintain an operating plan for FY 2017-18 and FY 2018-19 that will be the same as the current FY 2016-17 Operating Plan. The plan is as follows:

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

The basis for this operating plan is built on the efficiencies gained in developing the August 22, 2016 service operation schedule. A careful analysis of ridership and revenue data was used to fine tune the

schedule to achieve these efficiencies. CCJPA is also working with local communities that own the train stations served by the Capitol Corridor trains to address station access limitations (e.g., lack of available car parking after certain hours, minimal connecting transit access, lack of secure bicycle parking facilities) that will help to maximize ridership growth.

CCJPA understands that there may be opportunities for improved overall transit/rail mobility within the Northern California megaregion through strategic schedule modifications. As has been common practice, CCJPA will continue to closely coordinate any schedule adjustments with connecting local transit or intercity/commuter rail services. The CCJPA will work with the Statewide Working Group (SWG) for data analysis and coordination of any beneficial adjustments, should they be identified through analysis, over the course of FY 2017-18 and FY 2018-19.

4. SHORT- AND LONG-TERM CAPITAL IMPROVEMENT PROGRAM

There are essentially two levels of capital improvement programming (CIP). The lower-cost projects are generally aimed at amenities at the stations, along the track route, or on the trains, and they are usually incremental and progressive in nature. These projects do not usually change the ridership market or service radically but instead build on the service or schedule as it exists today. They make safe systems safer, they bring technology improvements to the customer or to the operator, and they are generally strategic in nature to keep the service timely, safe, and relevant to customers and the surrounding communities. Examples include onboard Wi-Fi, travel time savings projects, crossovers, right-of-way fencing, and even Positive Train Control, but they can also include studies and analysis necessary to determine the proper course of action to comply with established protocols of environmental documentation and project engineering design. CCJPA has a strong and consistent history of developing and delivering these projects and we expect that the need for constant lower cost improvements continue well into the future.

THE CCJPA'S USE OF 480-VOLT POWER CABINETS DURING EQUIPMENT LAYOVER AT THE SACRAMENTO VALLEY AND SAN JOSE/DIRIDON STATIONS HAS RESULTED IN A 2% REDUCTION DIESEL FUEL CONSUMPTION, REDUCING EXPENSES AND POLLUTANT EMISSIONS. THESE SAVINGS WILL BE FURTHER ENHANCED WITH THE ADDITION OF A CABINET AT THE AUBURN STATION IN SUMMER 2017.

In contrast to the lower-cost capital projects, the higher-cost capital improvement projects, which are new rolling stock or service expansion, don't just make incremental service improvements – they radically change the service. The last time a higher cost project was implemented was in 2006, and it resulted in four additional round trips between Oakland and San Jose. This project transformed the Capitol Corridor and has paid off over the years and set the stage for the growth in ridership and even the success of the lower cost projects that were implemented over the ensuing years. Transformational projects, already a challenge, have become more and more difficult to achieve over time due to their high cost and because the transformations they can achieve just raise the bar and the cost for the next transformational service change. As revealed by the Vision Plan Update process, the Capitol Corridor is transitioning from service expansions at one magnitude to service expansions of greater cost but more dramatic magnitude. Capitol Corridor has reached a point of maturity where lower-cost capital improvement projects will no longer yield significant ridership gains; in order to see the magnitude of ridership growth as demonstrated in the past 18 years of service, Capitol Corridor service will

need the political and public support for additional higher-cost capital improvement projects.

The CCJPA maintains a Capital Improvement Program (CIP) used to continuously improve the Capitol Corridor's reliability, travel times, on-time performance, safety/security, and to expand service frequency in the face of increasingly uncertain sources for capital funding. Since the inception of the Capitol Corridor service, roughly \$1.09 billion from a mixture of funding sources has been invested or programmed to purchase rolling stock, build or renovate stations, upgrade track and signal systems for increased capacity, and construct train maintenance and layover/storage facilities. Most of these investments (approximately \$1.02 billion) occurred between the inception of the Capitol Corridor service in 1991 until 2006, a period of more certain capital funding sources from the State. In contrast to those first fifteen or so years, over the last eleven years the CCJPA has only received \$71 million in capital funding to invest in the route. The pace of capital investment can be directly linked to the shift from more stable, longer-term funding sources (State Transportation Improvement Program or STIP) to funding sources that are ad-hoc in nature (bonding programs, legislatively-capped programs) that can variously require extensive preparation of competitive grant applications and review by state authorities for award.

Due to a variety of external pressures, total STIP funding has declined significantly over time. In 2002, over \$7 billion was available to be programmed for new transportation projects over the following five years. In 2012, only half that amount, or roughly \$3.5 billion, was available to program new projects in the five years following California Transportation Commission's adoption of the plan. The 2016 STIP had no new programming capacity and required delay or deletion of projects. The ITIP is an intercity portion of the overall STIP and the portion of the STIP usable by the CCJPA as the manager of the Capitol Corridor IPR service. Because it is determined by statutory formula, the amount available for ITIP funding has decreased proportionally over time. For CCJPA, the dwindling ITIP program has primarily consisted of continued support for Capitalized Maintenance (\$1 million per year) for another five years (via the 2014 STIP – ITIP portion). These Capitalized Maintenance projects include a program of upgrades to replace track and signal components that will continue to ensure high on-time performance (OTP) for the Capitol Corridor trains – vitally important to the Capitol Corridor service.

With the diminishing capacity of the STIP, capital funding alternatives such as bond and grant programs now come to the forefront of CCJPA's CIP perspective. Proposition 1B bonds have been responsible for a series of station, service amenity, and track infrastructure improvements over the last decade. Proposition 1A bond funds are intended to support high-speed connected capital infrastructure projects. Through programming grants and allocations, the CCJPA has committed all its available Proposition 1A and 1B funding to projects in various stages of development.

Committing CCJPA's entire share of Proposition 1A and a recent Caltrans-led supplement of Proposition 1B funding for a CCJPA project plays a very significant role when combined with the Cap & Trade funding - funding grants that CCJPA has been successful receiving over the two cycles the funds have been made available (the specific source being the Transit Intercity Rail Capital Program or TIRCP). In August 2015, a portion of the Proposition 1A funding was combined with funding from the Cap and Trade program for a travel time-savings project which would result in an up-to ten-minute travel time reduction (which also benefit the Altamont Corridor Express commuter rail service). This project is fully funded and is underway with UPRR now. In August 2016, the CCJPA was awarded Cap & Trade funds to be combined with Proposition 1A funds, for the phase one service expansion to/from Roseville – a project that would allow two additional round trips serving Roseville in addition to installation of two wayside power cabinets in the Oakland Maintenance Facility. The funding also supports a service optimization planning analysis in conjunction with the San Joaquin Joint Powers Authority and San Joaquin Regional Rail Commission. CCJPA committed all the remaining share of its Proposition 1A funds but received a smaller share of Cap & Trade funds than initially requested. However, Caltrans came through with additional Proposition 1B funds they controlled to help cover the Cap & Trade funding gap to support these three projects – the biggest of them being the additional phase one service expansion to/from Roseville.

On a smaller capital scale than service expansions or track modifications, CCJPA will continue expending the last rounds of grant funds that have supported a variety of projects at stations. These include a set of small state allocations and successful regional grant awards used to support the demand for at-station bicycle facilities such as eLockers and folding bicycle rental kiosks at select stations. A ten-year program of Proposition 1B Safety and Security grants (which are set to expire in 2018 for expenditure) has supported a wide variety of station and track safety improvements (respective examples include cameras and right-of-way fencing) as well as the development and installation of an on-board ADA compliant information system. Other minor CCJPA-led capital programs include provision for wayside power at Auburn station, Richmond BART train arrival alerting system for Capitol Corridor service to facilitate people transferring between services, and station signage programs across the breadth of Capitol Corridor stations.

Transformative service frequency projects, like those done in the 1998-2006 period, require significant and (usually) stable capital funding – precisely what is lacking now. CCJPA is starting from zero for new capital funding capacity. The only identifiable state source of capital funds beyond the meager STIP-ITP funds are the state's Cap & Trade auction revenues. These funds are aimed at being allocated toward various eligible transformative greenhouse gas (GHG) reducing projects that may also provide localized air quality benefits to designated disadvantaged communities throughout California. The Cap & Trade program used by CCJPA, the TIRCP program, is now eligible to be allocated over multiple years. Unfortunately for those who may rely upon funding from the Cap & Trade auction revenues, the auction

revenues have been coming in significantly below expectations, thus reducing the size and frequency of the program to support GHG reducing projects in transit and intercity passenger rail. CCJPA has been successful in each of the two prior TIRCP rounds at combining with other state funding sources to receive TIRCP funding grant awards. However, this time, there are no other funding sources for CCJPA to match under the TIRCP program when/if the auction revenues grow to values worthy of a subsequent grant round. Overall, the viability of Cap & Trade is quite limited for CCJPA until new funding sources at the state or federal level are developed.

THE CCJPA WAS ACTIVE IN THE DEVELOPMENT OF THE INAUGURAL RAIL TITLE IN THE 5-YEAR SURFACE TRANSPORTATION AUTHORIZATION, FIXING AMERICA'S SURFACE TRANSPORTATION (FAST) ACT OF 2015, BUT THE US CONGRESS NEVER FUNDED THE PASSENGER RAIL-RELATED ACCOUNTS AND THUS NO FEDERAL FUNDS HAVE BEEN MADE AVAILABLE.

There are no federal sources of funds for intercity rail sufficient for corridor expansion projects now, although there is at least authorization for creating a federal fund source –it is just not yet funded via the US Congress. The Fixing America's Surface Transportation (FAST) Act of 2015 report was prepared for Congress in November 2015 and was approved by Congress (the House of Representatives and Senate) on December 3, 2015. President Obama signed the bill into law the next day, December 4, 2015. The FAST Act, the first multi-year surface transportation authorization in over 10 years, provides up to \$305B over five years for the nation's highway network, transit and commuter rail services, Amtrak, and – for the first time ever – state-supported intercity passenger rail services. The bill is the first time that state IPR services are now part of a truly multi-modal federal surface transportation program and can pursue federal funds with matching state/regional/local funds to help continue the success and the growth of these passenger train services.

Of the \$305B, the Rail Title authorizes approximately \$10.4B for Amtrak, state-supported IPR services, and freight and other rail related programs. Key passenger rail-related accounts in the FAST Act are:

- Consolidated Rail Infrastructure and Safety Improvements (CRI & SI): The US DOT will seek projects from eligible applicants for competitive grants to finance improvements to passenger and freight rail services in terms of safety, efficiency, or reliability. PTC and other technology items and rail line relocation are also eligible for funding. \$1.103B over five years; a 50% match is required.
- State Of Good Repair (SOG): The US DOT shall develop a program that will allow for grants to eligible applicants, on a competitive basis, to finance capital projects that reduce the state of good repair backlog with respect to qualified railroad assets. \$0.997B over 5 years; 20% match is required.
- State Supported Route Commission (SSRC): The SSRC is authorized at \$10M (\$2M per year for five years) and established by the US DOT Secretary of Transportation to coordinate planning of trains operated by Amtrak on state-supported routes to further implement Section 209 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). Members include US DOT (likely FRA), Amtrak, and state intercity passenger rail agencies. (Note: The current State-Amtrak Intercity Passenger Rail Committee (SAIPRC) has been organized to represent the SSRC as described in the FAST Act.)

For all the effort put forth by the CCJPA and other state intercity passenger rail agencies to be included in the 5-year FAST Act (FY 2016 – FY 2020), the FY 2016 Omnibus Appropriations bill and the current FY 2017 limited appropriations bill do not include any of the authorized funding identified from the FAST Act.

The Capitol Corridor service described in this Business Plan Update and in all business plans since FY 2005-06 is directly a by-product of the state's prior capital investment. The ridership and revenue results year after year from these investments are well documented. CCJPA's August 2006 service expansion to San Jose (Oakland-San Jose Phase 1 Project) was made possible by state capital investments from the 1998 to 2002 capital funding era. This was the last period when sufficient capital funding was consistently provided to build new service frequency increase (the increase in service between Oakland and San Jose from eight to fourteen daily trains).

The capital funding outlook can only improve for CCJPA. Adjusting Cap & Trade policies to develop more auction revenues may help, however, there is a built-in obsolescence to the Cap & Trade program to be a funding source for transit, because if targets for GHG reductions are being met, auction revenues are

naturally expected to decline. There is also legislation being developed at the state level to deal with the STIP shortfall and put transit investment on some stable, sustainable footing. CCJPA has been active in ensuring that intercity rail is included in such legislation. On the federal level, the incoming US Congress and new presidential administration is discussing an infrastructure bill, but details on how that could apply to intercity rail capital programs are only speculative at this point.

Regardless of what transpires for capital funding sources, it has always been CCJPA’s philosophy to maintain a CIP that can serve as a blueprint for the near-term future and advance projects through the design and environmental review phases to be shovel-ready when capital investment opportunities become available. A list of CIP projects that have been completed or are currently underway is included in Appendix B.

THE CAPITOL CORRIDOR’S RIDERSHIP GROWTH BENEFITS THE ENVIRONMENT BY REDUCING AIR POLLUTION AND GREENHOUSE GAS EMISSIONS. IN FY 2016-17 THIS WAS ROUGHLY A NET REDUCTION OF OVER 13,394 TONS OF REDUCED CO₂, WHICH IS EQUIVALENT TO PLANTING MORE THAN 1,913 TREES.

The Capitol Corridor is not capital or operationally supported by federal funding or state funding sources that go to the metropolitan transportation planning organizations (MPOs), so the CIP is only philosophically consistent with the use of federal and state programming of funds in Regional Transportation Plans (RTPs) adopted by MTC, SACOG, and PCTPA to reduce VMT, reduce congestion, improve air quality, and improve the environment. In a similar manner, the CCJPA’s CIP and general operating plan objectives are consistent with the FRA’s National Rail Plan. Each RTP includes a list of anticipated projects and cost estimates for a 25-year planning horizon, with the strongest connection to Capitol Corridor service being when local jurisdictions might use funds for station area improvements or when the various RTP’s “capture” CCJPA’s use of state intercity funding to implement projects. When possible, the CCJPA will share costs and coordinate with other rail and transit services on station and track projects.

The California State Rail Plan, which is adopted every ten years, is being updated and is in the process of public review and adoption at the same time as this Business Plan Update is being developed and submitted. Prior State Rail Plans have not been anywhere near as transformative, but with the involvement of the California State Transportation Agency (CalSTA), the 2017 State Rail Plan update is taking a longer-term, more proactive and state leadership role in transforming California’s passenger and freight rail system. The developing State Rail Plan sees capital investments along a strategic trajectory from the way services operated and developed today toward a layered multi-tiered rail operating environment that better serves travel markets and delivers better cost efficiency metrics than the bifurcated services do today. While ambitious from a standpoint of today’s capital funding gaps and governance/management of passenger rail services across the state, this plan, built on the lessons of rail services abroad, would transform state rail in the years to come and have some implications for future Capitol Corridor Business Plan Updates in the years ahead. The CCJPA’s Vision Plan process, which is still in development, includes analyses that will coordinate with the emerging State Rail Plan in the years ahead. With the Capitol Corridor CIP in a state of transition, future CCJPA Business Plan Updates will have an obligation to be developed in accordance to the 2017 State Rail Plan objectives.

Programmed and Current Capital Improvements

Improvements during FY 2017-18 and FY 2018-19 include the travel time savings project, final design and construction commencement of phase one of the Sacramento to Roseville 3rd Track project, implementation of Positive Train Control, and on-train testing and installation of OBIS, in addition to safety and security improvements (see Table 4-1 for all projects underway, programmed, or planned). Installation of two wayside power units in the Oakland Maintenance Facility, funded by the Cap & Trade TIRCP funds, will be completed during FY 2016-17. Also implemented during this period and funded by Cap & Trade/TIRCP will be the service optimization plan which will involve service optimization among SJJPA, ACE, and Caltrans/CalSTA, led by CCJPA. This service optimization plan may be expanded and integrated into other ongoing service planning efforts of Statewide Working Group (SWG) rail partners and will be managed and coordinated at that level with CalSTA staff. CCJPA has been successful at using a relatively small stream of capital funding since 2009 to maintain a track and maintenance program, albeit one that can only be sustained if funding is available (the Capitol Corridor is currently in year three of a five-year allocation of \$1 million per year for this purpose) or shifted to an annual operating source. In November 2016, CCJPA provided CalSTA a report supporting the benefits gained from ongoing capitalized maintenance investment. The report demonstrates that this is the leading factor in delivering

exceptional on-time performance since 2009, which illustrated the benefits of reduced host railroad delay minutes and improved on-time performance to the Capitol Corridor service from these invested capitalized maintenance funds.

Other current capital programs include safety/security projects implemented with Proposition 1B funding provided by the California Office of Emergency Services (CalOES) that will expire in FY 2015-16 (but be eligible for expenditure over the next three additional years). Proposition 1B funding supports safety and security projects, and CalOES obligates \$1.9 million per year for the Capitol Corridor, which is used with specially identified Transit Safety and Security funds. Projects funded in this area include station security cameras, right-of-way security fences, and the fore-mentioned OBIS system.

Out-Year Capital Improvement Program

The out-year CIP view is murky at present. The lack of new programming capacity means that both low-cost and transformational capital projects face an uncertain future. The need to regularly reinvest in Capitol Corridor service will remain a constant need in the years ahead. Whether maintained as an

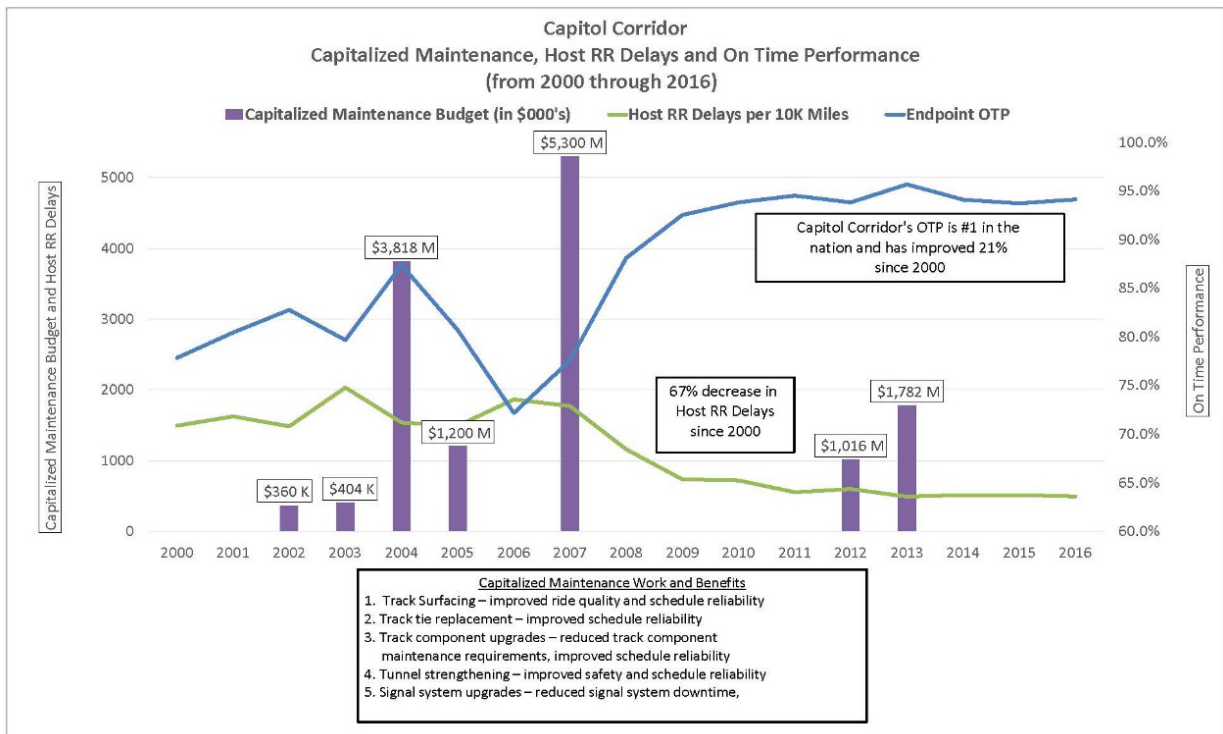
THE SUCCESS OF THE CAPITALIZED MAINTENANCE PROGRAM IS EVIDENT IN THE 67% REDUCTION IN HOST RAILROAD DELAYS FROM 2000 TO 2016, AND CAPITOL CORRIDOR HAS BEEN THE MOST RELIABLE SERVICE IN THE AMTRAK SYSTEM FOR SEVEN CONSECUTIVE YEARS.

ongoing capital investment program or subsumed into annual operations, there is absolutely no debate that the CCJPA’s most valuable low-level capital investment will continue to be capitalized track maintenance. This program plays a massive role ensuring that Capitol Corridor service is the top on-time performing intercity passenger rail service in the nation as shown in Figure 4.1. Presumptively, unless delayed or cut, 2014 STIP funding will ensure that capitalized maintenance program will receive \$1 million annually for the remaining two years of the five-year program - but beyond that the future is unclear. Ensuring a funding stream for capitalized maintenance will continually be an ongoing CIP top objective.

From a technology standpoint, the Wi-Fi system is now five years old and due for a technology upgrade, something that Caltrans, as owner of the Amtrak California fleet, will pursue in conjunction with the installation of the On Board Information

System (OBIS). Looking toward the transformational service expansion projects, there are no sources of funds for expansion beyond the first phase of the Sacramento to Roseville 3rd Track project. Referencing past capital funding history is not a useful guide because CCJPA has never been in a position where no new programmed capital funds were identified.

Figure 4-1 Capitalized Maintenance, Host RR Delays, and On-Time Performance



Specific Capital Improvement Program Discussion

Additional New Cars and Locomotives:

Caltrans, owner of 95% of the rolling stock assigned to the Northern California intercity rail fleet, 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. Unfortunately, the winning bidder failed a required FRA crash compression test in 2016 and is now in danger of insolvency as of this writing. The eventual arrival of added rolling stock is currently unknown, yet expansion to/from Roseville associated with a completed phase one Sacramento to Roseville 3rd Track project will require the infusion of new rolling stock. Unfortunately, there is doubt at this time that new rolling stock will arrive by even 2020.

**Table 4-1
Capital Projects by CCJPA and Others (\$ million)
Capitol Corridor**

CCJPA Sponsored Projects	Status	\$ Programmed	Funding Sources	Project Cost	Description/benefits
Sacramento to Roseville Third Main Track Construction - Phase One	Phase 1 for 2 add'l round trips funded via TIRCP, Prop 1B, and Prop 1A. Phase 1 will be final design and construction. Subsequent phases not yet	\$78.70	Prop 1A HST, STIP, PCTPA STIP	\$78.70	Phase one of a third main track between Sacramento and Roseville allowing 2 additional round trip to/from Roseville. Benefits will extend service frequency to/from Roseville and increase ridership, reduce AQ emissions.
Sacramento to Roseville Third Main Track Construction - Phase Two	Phase 2 for 7 add'l round trips. This phase is not funded.	\$0.00	TBD	\$196.30	A third main track between Sacramento and Roseville that will permit 9 additional round trip (for a total of 10 round trips) to/from Roseville. Benefits will extend service frequency to/from Roseville and increase ridership, reduce AQ emissions.
Wayside Power Units (2) for Oakland Maintenance Facility	Awaiting allocation from the CTC in March 2017	\$0.40	TIRCP & CCJPA	\$0.40	Will provide electrical power to locomotives in maintenance yard and replace power derived from diesel fuel burn. The benefits are less fuel use, improved air quality due to reduced diesel emissions
Service Optimization Plan	Pending allocation from CTC in FY 2016	\$0.40	TIRCP & CCJPA	\$0.40	Plan will try to identify solutions to optimize ridership and revenue and coordinate service transfers, if possible, among Capitol Corridor, San Joaquin, and even ACE
Capitalized Maintenance Ph 4	Programmed/Underway	\$3.00	STIP (for now)	\$5.00	An ongoing track maintenance upgrade and enhancement program to retain high OTP; funding for additional years in doubt due to STIP capacity issues.
At-Station Bicycle eLockers and Folding Bicycle Rental	Some stations installed, others installed over FY 17 /FY 18.	\$0.78	PTA funding and other sources	\$0.78	Program for adding bicycle storage at stations along the route and introduction of folding bicycle storage at limited station sites
On-Board Passenger Information System (OBIS) - Wireless Network component	Underway in design	\$5.00	Prop 1B	\$22.70	Funds the development and installation of an on-board video/audio information system based on geo-fencing and real time information. CCJPA funding supporting Caltrans Rail Division lead funding.
Travel Time Savings Project	Project underway	\$15.50	California Transit and Intercity Rail Program (TIRCP), Prop 1A, STIP	\$15.50	Project would improve running times along existing Capitol Corridor route by increasing speed on selected curves. This would take advantage of the enhanced abilities of the California equipment to travel faster on curved track.
Richmond train approach indicator and parking validator	Design underway	\$2.50	CCRP	\$2.50	Install a flashing light that will indicate to Capitol Corridor trains when a BART train is approaching, to allow better coordination of passengers transferring from BART to Capitol Corridor. Install a parking validator machine so that Capitol Corridor passengers can pay for parking in the station parking garage.
Auburn Security Cameras, Lighting and Standby Power	Design complete and construction to begin	\$1.90	CCRP and Prop. 1B	\$1.90	Improve safety and security by improving lighting and security cameras at the Auburn station and equipment layover facility. Construction of a standby power system will allow shutdown of locomotive engines during layover servicing period, saving fuel and reducing emissions.
Station Safety and Informational signage	Design complete and construction to begin	\$0.70	CCRP and MCIP	\$0.70	Adopt an improved station information sign system to improve safety messaging and enhance Capitol Corridor branding. Install Capitol Corridor trailblazer signs leading to stations.
SUBTOTAL: CCJPA SPONSORED PROJECTS		\$117.86	NON-TBD TOTAL	\$324.88	
New Rolling Stock	A Caltrans led project that is underway	\$54.00	Prop 1B ICR, HSIPR (federal funding)	\$54.00	Funds the addition of 10 cars and 2 locomotives for use in CCJPA operations
Fairfield-Vacaville Station	A new Capitol Corridor station under construction with a grade separation	\$81.96	Various sources	\$93.96	Funds a new station stop in the Fairfield/Vacaville area with a grade crossing for Peabody Rd. Net new ridership for Capitol Corridor service.
Station Security Camera System Installation	Design complete and construction to begin	\$1.50	Prop. 1B and CCRP	\$1.50	Install security cameras covering the boarding platforms at four unstaffed stations: Rocklin, Roseville, Suisun and Fremont.
Salinas Service Extension	Planning and environmental documentation steps in various stages of development.	\$141.00	Extension of Capitol Corridor service to Salinas with an initial 2 round trips with the potential for up to 6 round trips	TBD	Not yet approved by the CCJPA Board but being planned and coordinated with CCJPA and TAMC. UPRR modeling results required to determine project costs. Oakland to San Jose service frequency improvements are holding the project in a state of uncertainty. Funding availability is uncertain given the OKJ-SJC and UPRR negotiations.
SUBTOTAL: NON- CCJPA SPONSORED PROJECTS		\$278.46	NON-TBD TOTAL	\$196.50	
TOTAL - ALL PROJECTS		\$396.32	NON-TBD TOTAL	\$521.38	

In January 2014, the state of Illinois, as lead agency for the Midwest states, California, Oregon, and Washington, recently announced the award of a federally-funded locomotive procurement for the cleanest diesel-electric locomotives in the world, meeting EPA Tier IV emissions requirements. Six of these cleaning-burning Tier IV locomotives, named “Chargers”, have been assigned to Northern California for use in the San Joaquin and Capitol Corridor services and are arriving at present and will continue into early 2017. In coordination with their arrival and with state policies toward GHG reduction, CCJPA is actively engaged with rail partners around the state and with the California Air Resources Board (CARB) to test the use of renewable fuels as a blend or all-out substitute of the current carbon-based diesel fuel as soon as possible so that the “well to wheels” GHG emissions of the fuel used to propel the locomotives is significantly reduced. This test will commence in 2017, first with the older F59 locomotives but later with the new Charger locomotives. Presuming the test results are satisfactory, renewable diesel will become the normal diesel fuel used in Capitol Corridor and potentially other intercity and commuter rail fleets in California.

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 2018 after extending past an original December 31, 2015 deadline. Caltrans Division of Rail (as owner of the rail cars and locomotives), working with Amtrak, is (1) completing the installation of the on-board PTC equipment on the cab control cars and locomotives and (2) constructing a remote server that will share the location of various intercity passenger trains operated by Amtrak (including the three California intercity passenger rail routes) with the dispatching centers of the various host railroads to ensure interoperability between the various PTC systems with the on-board PTC systems of the intercity passenger trains. The UPRR and Caltrain (as railroad owners) have begun to install and/or test the wayside PTC equipment along their respective railroad tracks. This system will be tested and be in safe working order prior to the 2018 deadline for implementation.

Extension of Capitol Corridor Trains to Salinas:

CCJPA has been engaged with the Transportation Authority for Monterey County (TAMC) to extend two trains to Salinas once CCJPA can expand service to/from San Jose. TAMC has been actively pursuing the required environmental documentation necessary for service extension to/from Salinas and working with CCJPA staff to explore a variety of service options that work in the Salinas market while at the same time do not denigrate the existing Capitol Corridor service. Unfortunately, all the options explored require CCJPA to first be successful at expanding service to/from San Jose, and TAMC has been a strong partner to CCJPA in working on a plan to accomplish that objective, an effort that is detailed below in the Vision Plan discussion.

Grade Separations:

Grade separations will continue to rank high on the list with both CCJPA and UPRR. However, there are no concrete plans at this time to pursue additional grade separations other than the recently completed Peabody Road separation associated with the now under-construction Fairfield/Vacaville station. The Vision Implementation Plan identifies a vital need to complete grade separations along the entire corridor to allow for the planned higher speed service that could come along in the decades ahead. However, at present, 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.

Vision Plan Update and Long-Term Capital Improvements (FY 2024 and beyond):

In 2013, the CCJPA Board established an CCJPA Board Ad Hoc Vision Plan Subcommittee (“subcommittee”) with the objective to describe a Capitol Corridor service which would look ahead an entire generation. The larger question asked was what would need to be done to meet the transportation needs of northern California in 2030 and beyond, and how CCJPA would achieve the vision. This subcommittee continues to guide longer-term vision for Capitol Corridor service as CCJPA works its way through the three stages of development of the overall Vision Plan process. To date, the CCJPA Board has adopted the Vision Plan Update in November 2014, adopted the Vision Implementation Plan in November 2016 and directed the CCJPA to develop the Vision Communications Plan.

The long-term vision for Capitol Corridor fundamentally involves developing Capitol Corridor service as one where frequency (capped at 15 round-trips) is not limited by existing host railroad agreements.

Instead, the vision is for a service with fifteen minute frequencies in the peak hour, and one where higher-speed service (up to potentially 150 mph – electrified service) is permitted. This vision was first examined at a high-level in the Vision Plan Update (VPU) where core concepts were explored and several viable alignment alternatives were moved forward to the next step. The next step, the Vision Implementation Plan (VIP), eliminated alternatives to one alignment via a phased and detailed engineering and operations level analysis. By identifying a path to a railroad corridor in public control, the implications for layering intercity, commuter, and even high-speed rail, are all viable potential outcomes consistent with the objectives of the developing State Rail Plan. The third and final step of the Vision Plan process, commencing in 2017, is the Vision Communications Plan (VCP), which will develop ridership modeling estimates for various future scenarios, examine economic impacts of implementation (and non-implementation), develop financing options for the improvements, and finally, package the VIP engineering/operations findings and the described VCP tasks into a communications plan crucial for public engagement.

The VIP identifies phased high-level engineering options for strategically and incrementally advancing more frequent service and shorter travel times along portions of the route. It includes prioritized infrastructure and segmented facility projects necessary to incrementally achieve the Vision Plan and thus align with objectives of the emerging State Rail Plan. Each strategic segment becomes a usable operational segment that ultimately helps build toward the route-wide service objectives. What the VIP engineering analysis does not answer (nor was it intended to answer) is the question of value – is building more passenger rail service capacity going to provide a valued amenity to the public? That question must be answered by the VCP process, but what the VIP process did show was that there are viable and strategic ways to expand passenger rail service along the corridor. Future growth challenges with job and housing imbalances, population increases, and opportunities within the Northern California megaregion to support more sustainable economic activity suggest building more regional and megaregional transportation capacity as shown in the VIP may help address these challenges. In addition, the VIP demonstrates a viable engineering path forward to meet with the developing State Rail Plan Update.

In the Business Plan Update submitted two years ago, it was mentioned that future business plans will be developed based on the CCJPA’s Vision Plan efforts. This statement could not have been more accurate. The VIP has revealed that CCJPA is in a paradigm shift with respect to large scale capital investment. Sharing tracks with a freight partner is a model that sustained Capitol Corridor’s growth to the present and will continue to be a valuable approach with service expansion to/from Roseville, but in the medium and longer term, that model is no longer sustainable. When considering CCJPA’s long-held objective to increase service frequency to/from San Jose, the VIP and public investment analysis have clearly shown that dedicated passenger tracks (either through ownership or negotiated use) are a more useful public investment for not only intercity passenger rail but for commuter and high-speed compatible service than the current scheme of shared track use with freight rail. The capital investment of dedicated passenger tracks is significant, but so is the payoff for the public. Pursuing dedicated passenger rail tracks between Oakland and San Jose was recognized in the VIP as one of the key transformational capital investment opportunities not only in terms of the direct benefits of more service frequency in that market, but also for what it sets forth in transforming service across the route. The Oakland to San Jose service expansion will require a complex negotiation involving freight goods movement, environmental preservation, sea level rise adaptation, but also aspects of governance with the emergence of various layers of passenger rail service as the State Rail Plan objectives envision.

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 17 years, ridership has trended upward as the service provides 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 EXPERIENCED ITS BEST YEAR EVER IN FY15-16: RECORDS WERE SET FOR RIDERSHIP AND REVENUES, OTP WAS #1 IN THE AMTRAK SYSTEM FOR THE 7TH CONSECUTIVE YEAR, AND CUSTOMER SATISFACTION WAS THE HIGHEST EVER FOR THE SERVICE.

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 1.56 million riders in FY 2015-16 (see Table 5-1), the Capitol Corridor generated over 106 million passenger miles, which corresponds to over 79 million vehicle miles traveled (VMTs) removed from Northern California highways. The net reduction of carbon dioxide provided by Capitol Corridor train service (personal vehicle CO² emissions minus locomotive emissions) was over 13,394 tons for FY 2016-17, the rough equivalent of planting more than 1,913 trees. For health pollutant impacts, such as ozone and particulate matter, the net effect for Californians is a reduction in those pollutants over automobile travel, and as locomotives are replaced with the ordered Tier 4 cleaner burning locomotives, the net reduction of those pollutants begins to increase significantly.

The CCJPA develops performance standards for the Capitol Corridor service in coordination with the Uniform Performance Standards (UPS) developed by the California State Transportation Agency (CalSTA). The use of data analysis to drive cost effective service improvements has been a theme of CCJPA’s management of the Capitol Corridor since assuming management of the service, and the role of data is only expanding moving forward. On June 30, 2014, in accordance with the Intercity Passenger Rail Act of 2012, the UPS starting in FY 14-15 and onwards were updated by CalSTA to measure usage (ridership and passenger-miles), cost efficiency (system operating ratio and total operating costs/passenger-mile), and reliability (end-point on-time performance, station on-time performance, and operator delays/10,000 miles). Table 5-1 summarizes the updated standards and results for FY 2015-16 and for FY 2016-17 through December 2016, 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 2020-21.

FY 2015-16 Performance Standards and Results

The service plan for FY 2015-16 maintained the service that was initiated August 13, 2012 and later adjusted August 22, 2016 with a service plan of 30 weekday trains (22 weekend day). Both service plans were initiated at the time to support significant reductions in operating costs. Each service adjustment noted has been successful at balancing safe service quality, ridership, and revenue against gradually increasing costs. CCJPA is currently operating the maximum level of service frequencies along the entire Auburn-San Jose route permitted by the host railroads (UPRR and Caltrain) with the current available train equipment assigned to the Capitol Corridor.

Table 5-1: System Performance Standards and Results

Performance Standard	FY 15-16			FY 16-17 (through November 2016)			FY 17-18	FY 18-19
	Actual	Standard	% Change	Actual	Standard	% Change	Standard	Standard
<u>Usage</u>								
Route Ridership	1,560,814	1,461,000	+6.8	274,531	257,367	+3.9	1,587,000	1,603,000
Passenger Miles	104,135,023	98,255,200	+5.9	18,594,176	15,625,433	+19	106,456,000	107,529,000
<u>Efficiency</u>								
System Operating Ratio (train and feeder bus)	56%	50%	+12	57%	50%	+14	50%	50%
Total Operating Cost/Passenger-Mile	\$0.55	\$0.64	-14	\$0.51	\$0.64	-20	\$0.61	\$0.62
<u>Service Quality</u>								
End-Point On-Time Performance	94%	90%	+5	90%	90%	-	90%	90%
Stations On-Time Performance	95%	90%	+6	95%	90%	+5%	90%	90%
Operator Delays/10K Miles	303	>325	-7	358	>325	+10	>325	>325

FY 2015-16 was a historic year for the Capitol Corridor. Records were set for the three R's (ridership, revenue and reliability). Ridership and revenue increased by 6.8% and 7%, respectively, and Capitol Corridor retained the number one spot for on-time performance (reliability) in the Amtrak system for the seventh consecutive year. The primary reasons for the high level of OTP is an effective capitalized maintenance program (resulting in a solid state of good repair) and disciplined dispatching by the host railroads (UPRR and Caltrain) to keep the Capitol Corridor trains operating safely and reliably.

For the busiest trains, Northern California's booming megaregional economy plus high service reliability helped sustain 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. Increases in weekend ridership can be attributed to sporting events served by Capitol Corridor trains by the August 22, 2016 schedule adjustment.

In FY 2015-16:

- Ridership was 1.56 million, an increase of 6.8% over the prior FY 2014-15.
- Revenue was at \$32.2 million, which was 7% above FY 2014-15.
- System operating ratio (a.k.a. farebox return) was 56%, above the 52% ratio for FY 2014-15, primarily due to increased revenues and lower fuel expenses.
- OTP was 94%, keeping the Capitol Corridor as the most reliable IPR service in Amtrak's national system.

FY 2016-17 Performance Standards and Results to Date

The CCJPA, in cooperation with Amtrak and Caltrans, developed the FY 2016-17 standards based on ridership, revenue, and operating expenses identified in the current FY 2016-17 CCJPA/Amtrak operating contract. These standards are presented in Table 5-1.

- Ridership. Year-to-date (through November 2016) ridership is 3.9% above last year and 6.7% above business plan projections due to an improving economy in Northern California (more specifically in Silicon Valley and San Francisco Bay Area employment bases), and strong weekend ridership (due to travel to sporting events [49ers, Raiders, Oakland A's] and weekend promotional offers).
- Revenue. Year-to-date (through November 2016) revenue is 5.3% above last year and 5.7% above business plan projections.
- System Operating Ratio. Year-to-date (through November 2016) system operating ratio (a.k.a. farebox return) is 60%, above the FY 2016-17 standard of 50%.
- On-Time Performance (OTP). Year-to-date (through November 2016) OTP is 90%, which is equivalent to the 90% standard.

FY 2017-18 and FY 2018-19 Performance Standards

Table 5-1 provides the preliminary performance standards for FY 2017-18 and FY 2018-19. Appendix C shows the measures used to develop the performance standards. The FY 2017-18 and FY 2018-19 and future operating costs have been developed to conform with PRIIA Section 209 pricing policy, 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.

FY 2017-18 and FY 2018-19 Action Plans

Table 5-2 summarizes projects, ongoing and planned, over FY 2017-18 and FY 2018-19. The projects listed are new, one-time initiatives and do not reflect recurring or annual CCJPA objectives (e.g. develop annual marketing plan, update business plan, rider appreciation events, etc.). Each project shown in Table 5-2 is dynamic and can change based on circumstances beyond CCJPA's control.

Table 5-2: FY 2017-18 and FY 2018-19 Project Summary

PROJECT	Past Fiscal Years	FY2017-18												FY2018-19												Future Fiscal Years	
		Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4				
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
On Board Information System (OBIS) Development and Implementation																											
Station Secure Bicycle Storage																											
Onboard Bicycle Storage Modification																											
Folding Bicycle Rental Program																											
Vision Communication Plan (VCP) Development																											
Sacramento to Roseville 3rd Track Project (Phase 1)																											
Wayside Power at Oakland Maintenance Facility																											
Service Optimization Planning																											
Travel Time Savings Project																											
Renewable Diesel Testing																											
Positive Train Control Implementation																											
Richmond Train Approach Indicator and Parking Validator																											
Auburn Security Cameras, Lighting, and Standby Power																											
Security Cameras at Rocklin, Roseville, and Suisun City																											
Station Safety and Information Signage																											

6. ESTABLISHMENT OF FARES

The CCJPA develops fares in conjunction with Amtrak to ensure the Capitol Corridor service is attractive and competitive with the automobile and other transit options. 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. eTicketing was introduced in FY 2011-12 for one-way/round trip ticket purchases, and in January 2014 all multi-ride tickets were moved to an eTicketing platform. In 2013, CCJPA worked with Amtrak to create a small group ticketing option to replace the loss of ten-ride ticket transferability. The “Take Five for \$5” buy-one/bring up to five others at \$5 each way offer has been utilized during specific promotional periods, with positive response.

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 ratio goal of at least 50%.

FY 2017-18 Fares

Prior to last year, the CCJPA managed to hold fares steady for several years, but, ultimately, fares needed to be raised to index with increased costs (mainly labor and insurance). For FY 2017-18, CCJPA intends to increase multi-ride ticket fares (45-day/10-ride and monthly) by 2% in July 2017, with subsequent 2% increases on multi-ride tickets for the next two years (FY 2017-18 and FY 2018-19). In the past, the CCJPA has incrementally increased fares based on service improvements such as added trains, reduced travel times and served new stations and to address cost increases (such as fuel and Amtrak labor rates). These proposed multi-ride fare increases are intended to offset increased Amtrak operating expenses.

CCJPA ACHIEVED A MILESTONE IN JUNE 2015 WHEN AMTRAK INTRODUCED THE ABILITY TO PURCHASE MULTI-RIDE TICKETS VIA THE AMTRAK APP THAT INCREASED THE CONVENIENCE FOR THE MAJORITY OF CAPITOL CORRIDOR PASSENGERS.

The CCJPA’s planned 2% increase in multi-ride ticket prices for FY 2017-18 may need to be adjusted upwards if there are unforeseen cost increases, such as spikes in fuel prices (which appear somewhat unlikely at this moment). If this action is required, the CCJPA will work with Amtrak to consider factors such as ridership results, revenue levels, variable operating expenses (e.g., fuel), and overall economic conditions along communities in the corridor.

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

- Create and enhance communications channels with customers, before and during their trips, for schedule information, train status, and service advisories.
- Explore a new discount ticket for less-frequent single-ticket riders.
- Enhance customer loyalty and referral programs to retain existing riders and attract new riders.
- Promote 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.
- Increase utilization of Amtrak’s various eTicketing initiatives, as they enable real-time validation and improve customer convenience. Having real-time information on ridership and revenue data will also lead to better operating cost efficiencies.

Together, these fare and ticketing programs for FY 2017-18 will enhance customer convenience and increase revenue yield as part of the expanding eTicketing program.

FY 2018-19 Fares

The projected fare structure for FY 2018-19 will include the projected 2% increase in multi-ride ticket prices in July 2017. If operating expenses fluctuate significantly (either increases or decreases), this planned fare increase will be revisited and be adjusted accordingly. Other fare and ticketing opportunities include:

- Continue to expand and raise visibility 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 the San Joaquins services. In accordance with the Interagency Transfer Agreement (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, the ITA ensures that 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 the San Joaquins 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. Mobility-impaired persons not in wheelchairs can utilize grip bars at each door, work with conductors to utilize on-train step stools, or even utilize the wheelchair lifts, if needed, to board from the platform. The future OBIS system will include support for inductive hearing devices and compliant video and audio messaging.

Information Displays:

Each California rail car is equipped with passenger information displays that provide the train number and destination. OBIS will be implemented to replace these aging systems. The development process for OBIS commenced with the vendor and Amtrak in late FY 2014-15 and will proceed to implementation over a period of several years, but these displays will gradually be upgraded through the implementation of the OBIS system that will involve modern video and audio messaging and announcements.

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 that runs off of the “brain” car (Café car). This service is free to the customer and permits basic email and web-browsing. 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, was upgraded in March 2013, and is poised for another upgrade in summer 2018 per Caltrans. Power outlet access at each seat has been available for years and can power and charge passengers’ various electronic devices. The Wi-Fi system is also a basis for operational applications, such as OBIS, which will be added over time as described above.

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) were retrofitted in FY 2013-14 to hold 13 bicycles as opposed to 7 bicycles. The five Surfliner Cab Cars (6000-series) have storage space for up to 13 bicycles in the lower level baggage area. Former California baggage cars (8200 series) have been added to the Capitol Corridor fleet as second bike cars on select Capitol Corridor trains to accommodate increasing demand for on-board bike storage.

Bicycle storage demand on the Capitol Corridor trains has quickly outpaced the capacity to safely meet that demand in recent years. In FY 2012-13, the CCJPA adopted the Bicycle Access Plan, which presents key actions to improve and increase on-train and secure station bicycle capacity.

Food and Beverage Services:

CCJPA is seeing the benefits of food service improvements implemented in prior fiscal years manifest in improved customer satisfaction and increased sales of menu items. Modern point-of sale registers have

THE ADDITION OF A SECOND BIKE CAR HAS DOUBLED THE STORAGE CAPACITY FOR SELECTED TRAINSETS AND HAS BEEN INSTRUMENTAL IN MEETING THE DEMAND OF PASSENGERS WHO BRING THEIR BIKES ONTO CAPITOL CORRIDOR TRAINS.

been installed and have been working well. As a future phase of OBIS, CCJPA and Amtrak will evaluate 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 the San Joaquins 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 Northern California Fleet supports both the Capitol Corridor and San Joaquin services. The fleet is a mix of California-owned equipment and leased Amtrak equipment as demonstrated in Table 7-1. New fleet acquisitions under development will dramatically increase service capacity. During FY 2012-13, Caltrans secured funding for 40 new coaches and six cleaner-burning locomotives for the Northern California fleet, the statuses of the coaches and locomotives are explained in Section 4 of this Business Plan Update draft.

**Table 7-1
Northern California Equipment Fleet
Capitol Corridor and San Joaquin**

California owned rail equipment	NOTES
• 15 P59 locomotives	assigned to San Joaquin and Capitol Corridor service
• 2 DASH-8 locomotives	assigned to San Joaquin and Capitol Corridor service
• 6 Charger locomotives	assigned to San Joaquin and Capitol Corridor service
• 84 bilevel California Coach and Café Cars	assigned to San Joaquin and Capitol Corridor service
• 14 single level Comet Cars	assigned to San Joaquin service

Amtrak Supplemental Equipment	NOTES
• 3 P42 locomotives	assigned to San Joaquin and Capitol Corridor service
• 3 bilevel Superliner coach cars	assigned to San Joaquin service
• 3 single level Café Cars	assigned to San Joaquin service
• 3 NCPU single level baggage cars	assigned to San Joaquin service

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.

Rail Equipment Projects Completed in 2016

- The original nine locomotives owned by the State went through an extensive multi-year State-funded renovation program. The main propulsion engines were rebuilt, exceeding current EPA TIER II emissions standards, thus maintaining our status as one of the cleanest fleets in the nation. Also, the head-end power (HEP) units in the locomotives that provide power for lighting, electrical outlets, etc., were updated to EPA Tier 4 standards.
- The installation of Positive Train Control (PTC) equipment was installed in all the State’s 17 locomotives and 19 cab cars.
- The CCJPA contracted with Caterpillar to assist Amtrak with the maintenance and training for the Head End Power (HEP) units in the locomotives.
- As part of the safety and security program, all cab cars and locomotives are now equipped with a "forward facing" digital security camera system. This provides the CCJPA with a valuable tool to protect equipment from vandalism and assist with post-incident investigations.
- The 14 Comet 1B Coaches, three Horizon Diners and three non-powered control-unit (NPCU) cab cars are in use primarily on the San Joaquins service.
- Destination sign software was updated to match current schedules.
- Communication systems had flash memory chips replaced/reprogrammed.

Upcoming Projects in FY 2017-2018

- The HVAC units, ducting and control systems will be replaced to provide better air quality and climate control using new environmentally-friendly technology and refrigerants. All vestibule flooring will be replaced simultaneously.
- The original diner built back in 1995/96 will undergo a rehab of the upper level galley to update the equipment with current technology standards, including new chillers, drainage, counter tops, lighting, internet connections and food storage. The new design will also make the working area more ergonomic for the food service employees.
- New digital video recorders with enhanced picture quality and recording time.
- Inward facing cameras in cab cars and locomotives for added security.
- Upgraded event recorders (black boxes) for better compatibility with PTC and better monitoring of the operation of the trainsets for added safety and security.
- Possible revenue seating added to the upper level of the 8800 series diner cars.
- Preview of new seating proposed for the 6000 series Surfliner cars for passenger feedback to replace the existing seats.
- Rebuilt door operators for the 6000 series Surfliner cars.
- New side door panels for the 6000 series Surfliner cars.
- Rerouting of venting on the waste system on the 8000 series cars to help mitigate foul odors.
- Ongoing replacement and upgrading of the floor panels on the 8000 series cars.
- Destination sign LED displays will have old faded tiles replaced with new tiles.
- Testing of the new OBIS destination sign and PA systems.
- Wi-Fi system will be upgraded to allow more streaming content.

8. MARKETING STRATEGIES

The CCJPA employs a strategy of combining targeted advertising campaigns, multi-channeled cross-promotions and media outreach efforts to build awareness of the Capitol Corridor service. A primary objective is promoting the service in key markets and attracting riders to trains with available capacity. Staff will also focus on trying to attract first time riders through advertising, increasing brand visibility in the digital media space, and retaining existing riders. Marketing dollars and impact are maximized through joint promotions and advertising with key partners along the Capitol Corridor service route.

CCJPA’S MARKETING BUDGET HAS BEEN STAGNANT SINCE THE TRANSFER OF THE CAPITOL CORRIDOR SERVICE OVER SIXTEEN YEARS AGO AND THE PROGRAM HAS BEEN ADAPTED TO LEVERAGE IN-KIND PARTNERSHIPS AND LOW COST SOCIAL MEDIA OPPORTUNITIES.

Advertising Campaigns and Brand Awareness:

Advertising campaigns inform leisure and business travel audiences about the advantages of train travel, including amenities, promotions/pricing, and destinations. Campaigns typically employ a mix between traditional and digital media, and are tailored for each campaign. CCJPA’s advertising efforts emphasize the Capitol Corridor image and 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.

Promotions:

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 Oakland

Coliseum and Levi’s® Stadium events, creating awareness of the train to reach other leisure destinations throughout Northern California.

Online Presence and Customer Engagement:

The CCJPA places great importance on delivering passenger communications via multiple channels. Efforts include:

- Leveraging Capitol Corridor’s online presence across the Internet, boosting participation in online social networking sites, such as Facebook and Twitter.
- Continuing Rider Appreciation programs such as “Cappy Hour” discounted drink days, and other on-board rider-focused events.
- Coordination with Amtrak to enhance customer loyalty via Amtrak Guest Rewards and recent programs like the 25th Anniversary Loyalty campaign.

- Enabling consistent and timely passenger communications such as SMS/text and email service alerts, as well as information exchanged between the Customer 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 increases value and revenues to the advertising program through leveraging partnerships with well-known organizations that share similar target audiences to heighten visibility of the Capitol Corridor brand. This work is increasingly important as advertising channels multiply despite persistent annual flat marketing budgets.

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 programs that promote both destination and rail travel. CCJPA also partners with Amtrak and other agencies 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. Use of an online customer comment tracking portal has allowed the CCJPA to improve its communication with the public, as well as coordinating internally to ensure that passengers receive an appropriate and timely response to their request or issue.

Public Relations, Outreach, and Advocacy:

The CCJPA’s public information efforts uses traditional and digital media to build awareness about its service updates, promotional offers, transit connections including the Transit Transfer Program, rail safety and customer amenity improvements.

- 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
- Reciprocal marketing with the tourism and hospitality industry (i.e., hotels, airports, and convention/visitor bureaus)
- 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

FY 2017-18 Marketing Program

The CCJPA’s FY 2017-18 Marketing Program will continue to focus on increasing ridership on 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 that position Capitol Corridor as a distinct regional service brand. CCJPA will also coordinate with local partners and Amtrak on the most beneficial promotions, outreach, and shared marketing collateral. Marketing initiatives will also aim to enhance customer communications and engagement with passengers. Key elements will include:

- Developing more digital content (videos, PDFs, etc.) for distribution via website, social media channels and wireless website, to reduce dependency on printed media and enhance social media presence through viral means
- Conduct deeper analysis of ridership data to identify opportunities for micro-markets (single day/train offers, short-distance city pairs, etc.)
- Redesign of Wi-Fi landing page/website, the primary customer touchpoint while they are on board. New design will complement the future OBIS system by being an interactive resource for our passengers. The media- and content-rich site aims to ease the bandwidth demand on the existing Wi-Fi system, and be a resource for our passengers.
- Explore opportunities for shared programs and marketing efforts with the San Joaquin JPA and Pacific Surfliner JPA
- Joint media promotions with marketing partners and continued coordination with Amtrak on selected promotions intended to maximize media dollars and expand market reach.
- Create programs to encourage year-round travel for school/youth groups, and increase outreach to adult and senior citizens' groups.

FY 2018-19 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 targeted loyalty offers for Capitol Corridor customers and deployment of technologies 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.

- Coordination with Amtrak on receiving more detailed promotional performance data reports
- Identify and find solutions for Contact Center communication gaps (night hours, customer service, voice response solutions), research cost-saving solutions, evaluate service hours

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 2017-18 and FY 2018-19.

FY 2017-18 and FY 2018-19 Operating Costs

Based on the Operating Plan and Strategies (Section 3), the CCJPA has prepared an initial forecast for the FY 2017-18 and FY 2018-19 operating expenses, ridership, and revenues. The FY 2017-18 operating costs conform with Section 209 of the Passenger Rail Improvement and Investment Act of 2008 (PRIIA), which was implemented in FY 2013-14 as part national launch of a pricing policy for all Amtrak-operated IPR services under 750 miles. The CCJPA will submit any updated operating cost forecasts by June 15, 2017 based on final estimates provided by Amtrak.

Projected operating costs are shown in Table 9-1 and include the basic train service and associated throughway bus services provided by Amtrak, plus the CCJPA's costs for the Information and Customer Support Services provided at the BART/CCJPA Contact Center and the CCJPA's share of costs relating to the local transit service partnerships. Compared to the existing FY 2016-17 budget, the FY 2017-18 operating costs are expected to increase by \$22,000 (or +0.1%) due to projected conservative forecasts for ridership [+1.0%] and revenues [+1.0%] that slightly offset the increase in operating (labor) expenses. The CCJPA's budget request for the FY 2018-19 operations plan is expected increase by \$776,000 [+2.2%] compared to the current FY 2016-17 operating budget due to a projected net increase in operating expenses that are greater than the continued conservative growth in ridership and revenues at a 1.0% annual growth rate.

**Table 9-1
CCJPA FY 2016-17 - FY 2017-18 Funding Requirement
Capitol Corridor Service**

Service Level	Current	Proposed	
	FY 2016-17 Budget	FY 2017-18 Budget	FY 2018-19 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	1,520,000	1,587,000	1,603,000
Third Party Expenses (a)	\$ 11,833,000	\$ 12,673,650	\$ 12,868,000
Amtrak Expenses (b)	\$ 49,454,000	\$ 51,911,000	\$ 52,964,000
Information/Customer Support Services (c)	\$ 817,000	\$ 817,000	\$ 817,000
TOTAL Expenses	\$ 62,104,000	\$ 65,402,000	\$ 66,649,000
Ticket Revenue	\$ 27,539,000	\$ 30,634,000	\$ 31,094,000
Food & Beverage Revenue	\$ 1,467,000	\$ 1,675,000	\$ 1,700,000
Other Revenue (d)	\$ 552,000	\$ 525,000	\$ 533,000
TOTAL Revenue	\$ 29,558,000	\$ 32,834,000	\$ 33,327,000
CCJPA Funding Requirement			
CCJPA Operating Budget	\$ 32,546,000	\$ 32,568,000	\$ 33,322,000
<i>Net Amtrak Operating Costs (Expenses less Revenues)</i>	\$ 31,729,000	\$ 31,750,650	\$ 32,505,000
<i>CCJPA Expenses - Info/Customer Services</i>	\$ 817,000	\$ 817,000	\$ 817,000
Marketing Budget (e)	\$ 1,174,000	\$ 1,174,000	\$ 1,174,000
Administrative Budget (f)	\$ 2,134,000	\$ 2,134,000	\$ 2,134,000
TOTAL CCJPA Funding Request (g)	\$ 35,854,000	\$ 35,876,000	\$ 36,630,000
Difference from FY16-17 Budget		\$ 22,000	\$ 776,000
Percent Change from FY16-17 Budget		0.1%	2.2%
SUPPLEMENTAL ALLOCATIONS			
Minor Capital Projects (h)	\$ 500,000	\$ 500,000	\$ 500,000

- (a) Includes Fuel, Host Railroad Maintenance of Way and Host Railroad On-Time Performance Incentive payments.
- (b) Expenses for services provided by Amtrak (i.e. On Board Staffing, Station Services, Ticketing and Maintenance of Equipment) and overhead support fees.
- (c) Operating expenses for call center/phone information and customer services provided by
- (d) Miscellaneous revenue as allocated by Amtrak's Performance Tracking system.
- (e) Due to State budget constraints, the FY 2016-17 and FY 2017-18 marketing expenses will be capped at the same levels as the 12 prior fiscal years (\$1,174,000). Does not include contributions by Amtrak or additional resources provided by the State (i.e. market research
- (f) Expenses for administrative support of the CCJPA Board and for management of the Capitol
- (g) Sum of CCJPA Operating Budget plus Marketing & Administrative Budgets.
- (h) Expenses to be allocated for small or minor capital projects.

FY 2017-18 and FY 2018-19 Marketing Expenses

The CCJPA’s marketing budget for FY 2017-18 and FY 2018-19 will fund the respective fiscal year’s Marketing Programs presented in Section 8. The CCJPA will develop the various campaigns and programs. The budget estimates shown 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 2017-18 and FY 2018-19 Administrative Expenses

Table 9-1 identifies the estimate for the FY 2017-18 and FY 2018-19 budgets that support the administrative activities of the CCJPA for the Capitol Corridor service. The FY 17-18 expenses to support the CCJPA’s administrative and management activities will remain the same as the current FY 16-17 Administrative Budget [\$2,134,000].

FY 2017-18 and FY 2018-19 Total Budget

Compared to the current period (FY 2016-17), the FY 2017-18 and FY 2018-19 total budgets for operating, marketing, and administrative costs of the CCJPA are expected to increase by 0.1% in FY 2017-18 and increase by 2.2% in FY 2018-19. The operating budget FY 2018-19 should be considered draft as Amtrak will not be providing operating cost estimates until late March 2018.

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. 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 exceeding business plan projections during the term of the ITA will be used by the CCJPA for service improvements.

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 subsequently renewed for another five years for the period of February 2010 through February 2015. These five-year terms are consistent with the enactment of AB 1717 in September 2003 that allows the CCJPA Board five years, instead of three, to monitor BART’s performance as the Managing Agency. Most recently at the November 2014 Board meeting, the CCJPA Board approved a five-year term with BART for the period of February 2015 through February 2020, and this was supported by BART’s Board in 2015.

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 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 2017-18 AND FY 2018-19 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 2017-18 and FY 2018-19 service plans and funding requirements. Planning for potential new services will require securing capital improvements, additional operating funds, and institutional agreements. These efforts related to the Vision Plan Update and the additional analysis that will be ongoing were previously described in Section 4.

State Rail Plan and Northern California HST Blended Service

The update to the State Rail Plan discussed previously is being developed, compliant with the FRA’s requirements, 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 that will be done to conform to meeting Federal planning requirements. The plan incorporates not only the IPR services, but also the planning efforts for the California High Speed Rail system. Capitol Corridor’s direct links with the High Speed Rail system will be in San Jose, and, when eventually built as planned, Sacramento, whereas the

existing Capitol Corridor route as a whole is an important feeder/distributor to the High Speed Rail system. During much of FY 2013-14 and FY 2014-15, the CCJPA participated with a host of statewide rail partners in planning for a blended and coordinated California passenger rail system. Subsequently in 2016, with the California High Speed Rail Authority’s release of their business plan and a shift toward establishing service at the San Jose Diridon station, the focus has been on how to mesh all the existing and planned expansion of all services in the San Jose area. The leadership by CalSTA expressed through the developing State Rail Plan is advancing the concepts of state rail planning. CCJPA’s CIP is developed around becoming a feeder/distributor in the overall state passenger rail system.

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 (TAMC), Caltrain, and VTA regarding expanding Capitol Corridor service to Salinas. Pursuant to CCJPA Board direction, CCJPA staff are actively engaged in this discussion in a manner that 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 slowly but steadily and will continue to evolve as funding, operational, and governance matters are addressed. This potential expansion is reflected in the State Rail Plan as appropriate.

A SERVICE EXTENSION TO SALINAS WITH AN INITIAL TWO ROUNDTRIPS IS BEING PLANNED BETWEEN TAMC AND CCJPA BUT THE PROJECT WILL LIKELY BE DEPENDENT ON EXPANDING SERVICE FREQUENCY BETWEEN OAKLAND AND SAN JOSE AND A FULL FUNDING PLAN.

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

- The San Joaquins service
- Amtrak National Network (California Zephyr and Coast Starlight)
- Altamont Commuter Express service (Stockton – Livermore – San Jose)
- California High Speed Rail Authority

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	30	1,701,185	-2.6%	4,661	\$29,186,617	-0.05%	\$60,472,128	2.4%	51.0%	\$29,110,318
FFY 13/14 (j)	30	1,419,084	1.1%	3,888	\$29,177,880	-0.03%	\$58,063,314	-4.0%	50.9%	\$28,421,000
FFY 14/15	30	1,474,873	3.9%	4,041	\$30,092,694	3.14%	\$57,586,946	-0.8%	52.0%	\$32,595,784
FFY 15/16 (k)	30	384,878	3.3%	4,183	\$8,172,276	4.0%	\$9,422,050	1.0%	59.0%	\$5,064,821
FFY 16/17 (l)	30	274,531	3.9%	4,501	\$5,827,326	5.3%	\$9,390,182	-0.3%	59.8%	\$5,068,832

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. Starting in FY 2014 Amtrak adjusted ridership reports to account for the actual tickets lifted via the scanning of tickets by the conductors, which results in ridership forecasts and reports that are 15%-20% below previous forecasts and reports. Previously, multiride tickets were not directly logged into the system but the passenger counts for multiride tickets were estimated based on assumed inflated usage. Prior year % change is made using adjusted FY 12/13 ridership.
- k. Year-to-date data for ridership and revenue through December 2015, all other categories through November 2015
- l. Year-to-date data through November 2016

**APPENDIX B
PROGRAMMED OR COMPLETED CAPITOL CORRIDOR PROJECTS**

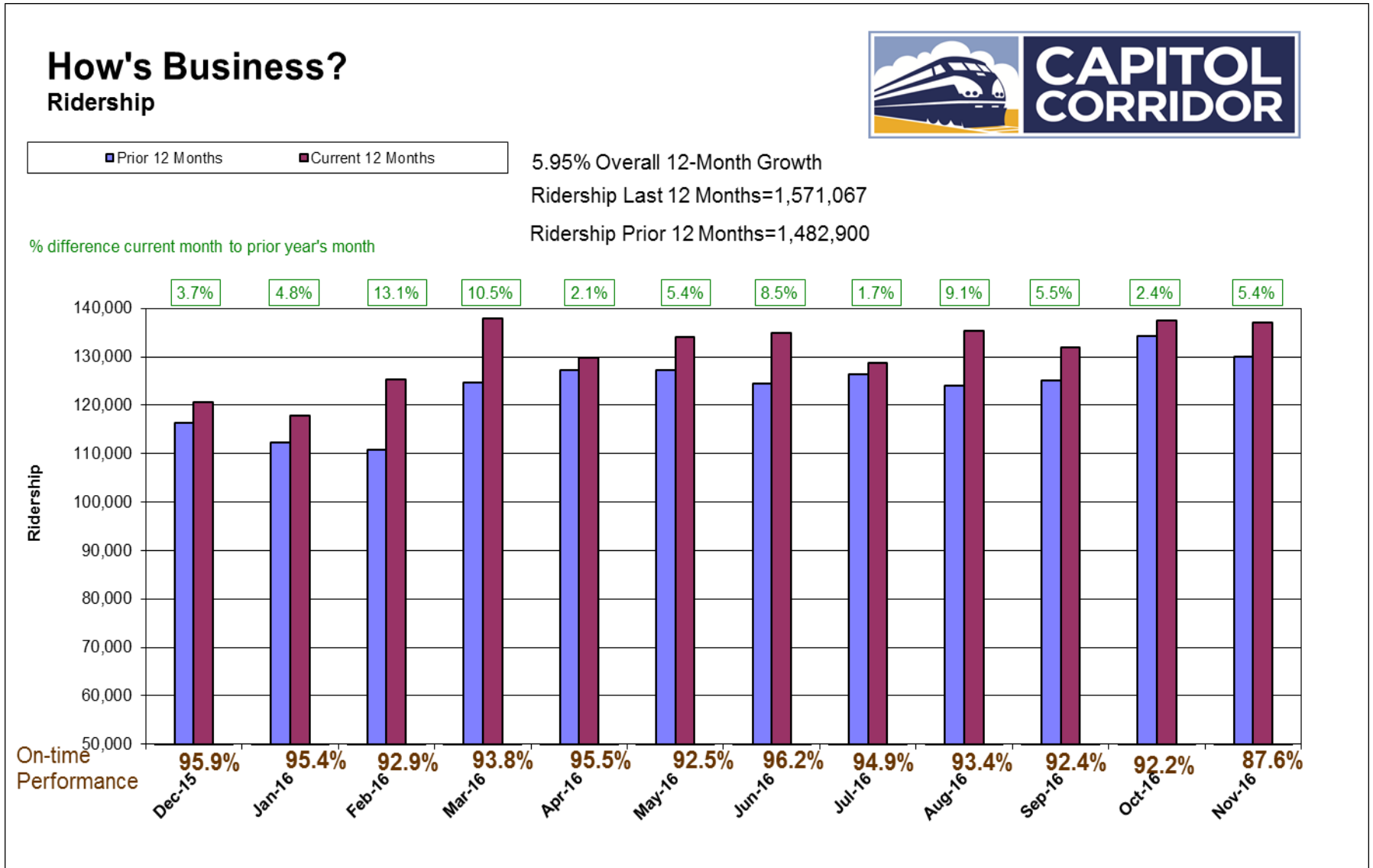
Programmed or Completed Projects (Preliminary and Tentative - Subject to Revision)	Costs
Station Projects	
Colfax	\$2,508,165
Auburn	\$3,131,656
Rocklin	\$2,114,173
Roseville	\$1,619,104
Sacramento*	\$81,749,526
Davis	\$5,576,643
Fairfield/Vacaville	\$44,000,000
Suisun/Fairfield	\$3,834,049
Martinez*	\$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	\$1,440,575
SUBTOTAL – Station Projects	\$342,393,144
*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	\$85,650,000
Travel Time Savings	\$15,500,000
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
Safety Fencing along ROW	\$1,600,000
Harder Road (Hayward) Undercrossing [2001]	\$8,898,000
Positive Train Control (estimated CCJPA share \$12M)	\$35,000,000
SUBTOTAL – Track and Signal Projects	\$361,649,894
Maintenance and Layover Facility Projects	
San Jose (Pullman Way) Maintenance Facility	\$5,789,862
Oakland Maintenance Facility (new – owned by the State)	\$64,535,956
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	\$9,505,000
SUBTOTAL – Maintenance and Layover Facility Projects	\$82,086,676
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
On-Train Amenities	\$10,404,000
SUBTOTAL – Rolling Stock	\$306,821,418
TOTAL – PROGRAMMED¹ OR COMPLETED PROJECTS	\$1,092,951,132

**APPENDIX C
CAPITOL CORRIDOR PERFORMANCE STANDARDS FY 2014-15 TO FY 2019-20**

PERFORMANCE STANDARD	FY 2015-16				FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	ACTUAL	STANDARD	VARIANCE ACTUAL TO STANDARD	PERCENT CHANGE	STANDARD	PRELIMINARY STANDARD	PRELIMINARY STANDARD	PRELIMINARY STANDARD	PRELIMINARY STANDARD
NUMBER OF DAILY TRAINS (SAC-OAK)	30	30			30	30	30	30 (a)	30 (a)
USAGE									
Route Ridership	1,560,814	1,461,000	99,814	6.8%	1,520,000	1,587,000	1,603,000	1,651,100	1,684,000
Passenger Miles	104,135,023	98,255,200	5,879,823	6.0%	101,962,000	106,456,000	107,529,000	110,293,000	112,491,000
Average Daily Ridership	4,276	4,003	273	6.8%	4,164	4,348	4,392	4,524	4,614
Percent Change in Route Ridership	5.8%	-1.9%			4.0%	4.4%	1.0%	3.0%	2.0%
Percent Change in Train Passenger Miles	5.2%	0.7%			3.8%	4.4%	1.0%	2.6%	2.0%
Percent Change in Train Miles	0.4%	-0.1%			0.5%	-0.5%	0.0%	1.9%	0.0%
Passenger Miles per Train Mile (PM/TM)	88.6	84.5	4.1	4.9%	87.2	91.5	92.5	93.1	94.9
COST EFFICIENCY									
System Operating Ratio	56%	48%	7.4%	--	48%	50%	50%	50%	50%
Total Operating Costs per Passenger Mile					\$0.61	\$0.61	\$0.62	\$0.63	\$0.64
Percent Change in Total Revenue	7.0%	-2.6%	--	--	-2.8%	11.1%	1.5%	3.9%	3.0%
Percent Change in Total Expenses	-0.8%	4.5%	--	--	-1.6%	5.3%	1.9%	4.9%	2.8%
Train Revenue per Train Mile	\$25.75	\$24.58	\$1.17	4.8%	\$23.56	\$26.34	\$26.74	\$27.48	\$28.30
Train Revenue per Passenger Mile (Yield)	\$0.291	\$0.276	\$0.01	5.1%	\$0.282	\$0.288	\$0.293	\$0.299	\$0.305
Train Expenses per Train Mile	\$45.38	\$53.12	-\$7.74	-14.6%	\$54.71	\$56.36	\$58.05	\$59.79	\$61.58
Train Only State Cost per Train Mile	\$19.63	\$24.86	-\$5.23	-21.0%	\$25.33	\$25.55	\$26.23	\$27.26	\$28.06
Train Only State Cost Per Passenger Mile	\$0.22	\$0.29	-\$0.07	-24.7%	\$0.29	\$0.28	\$0.28	\$0.29	\$0.30
SERVICE QUALITY									
End-Point On Time Performance	94%	90%	5%	--	90%	90%	90%	90%	90%
Stations On Time Performance	95%	90%	6%	--	90%	90%	90%	90%	90%
Operator Delays per 10,000 Miles	303	>325	(22)	-7%	>325	>325	>325	>325	>325
Percent of California Car Fleet Available	82%	87%	-5%	--	87%	87%	87%	87%	87%
OPERATING RESULTS									
TRAIN AND BUS									
Total Revenue	\$ 32,187,648	\$ 30,406,000	\$1,781,648	5.9%	\$ 29,558,000	\$ 32,834,000	\$ 33,327,000	\$ 34,639,000	\$ 35,678,000
Total Expenses	\$ 57,952,316	\$ 63,124,000	\$ (5,171,684)	-8.2%	\$ 62,104,000	\$ 65,402,000	\$ 66,649,000	\$ 69,915,000	\$ 71,838,000
Total CCJPA Operating Budget	\$24,947,669	\$33,093,000	(\$8,145,331)	-24.6%	\$32,546,000	\$32,644,000	\$33,348,000	\$35,276,000	\$36,160,000
TRAIN ONLY									
Train Only Revenue	\$ 30,256,389	\$ 28,582,000	1,674,389	5.9%	\$ 27,539,000	\$ 30,634,000	\$ 31,094,000	\$ 32,560,660	\$ 33,537,320
Train Only Expenses	\$ 53,321,761	\$ 57,497,000	(4,175,239)	-7.3%	\$ 57,150,000	\$ 60,349,000	\$ 61,596,000	\$ 64,862,000	\$ 66,785,000
Train Only State Operating Cost	\$ 23,065,372	\$ 28,915,000	(5,849,628)	-20.2%	\$ 29,611,000	\$ 29,715,000	\$ 30,502,000	\$ 32,301,340	\$ 33,247,680
Train Miles	1,175,000	1,163,000	12,000	1.0%	1,169,000	1,163,000	1,163,000	1,184,900	1,184,900

(a) Anticipated start of two (2) additional round trip trains to/from Roseville in FY19/20, based upon the expected completion of Phase 1 of the Sacramento-Roseville 3rd track project.

**APPENDIX D
RIDERSHIP RESULTS**



CCJPA Business Plan Comments FY 2017-18 and FY 2018-19

1	<p>Received January 25, 2017: via Social Media</p> <p>Low cost commuter parking in front of or right next to the station building in Sacramento, coffee and food vendors inside Amtrak building, atm machines, better healthy/fresh food choices on the train, and maybe a mariachi band on Friday evenings? My commute, by the way, has been very smooth and easy. Another request is for a multiride ticket (10 ride) on capital corridor that can be shared by family members.</p> <p>RESPONSE: The City of Sacramento is responsible for parking at the Sacramento Valley Station. CCJPA worked with Amtrak to recently change the menu on the trains. Even as the menu was updated, upgrading the menu is a constant process as items sell or don't sell well. New menu items were added last August 2016. As is common practice, we will be surveying our passengers ahead of the next menu change to solicit feedback on the current menu offerings and gather suggestions on future offerings. We are monitoring sales of all items to track towards healthier choices. The live music idea on the train, while possibly in jest, might be an interesting public interest trial to consider as long as it was appropriately sized (e.g., solo guitar singer/songwriter on a rider appreciation day in the café car).</p>
2	<p>Received January 25, 2017: via Social Media</p> <p>Commuter service to Roseville please.</p> <p>RESPONSE: The commute market to Roseville is less productive than in the opposite direction. With available train slots, the opportunity to consider this can only happen if we had more trains to/from Roseville.</p>
3	<p>Received January 25, 2017: via Social Media</p> <p>A train to Marysville. Peel one off at Roseville and hit Lincoln, then Marysville. How many commuters down SR 65/99/70 can you divert? What can SACOG do to help? It will save their air quality goals big time!</p> <p>RESPONSE: We appreciate the interest in this concept but for now this would fall outside the CCJPA remit. The developing State Rail Plan is considering passenger rail market service across California in a manner that matches this concept. CCJPA will be happy to support SACOG and the California State Transportation Agency (CalSTA) in any way we can for such an effort.</p>
4	<p>Received January 25, 2017 via Social Media</p> <p>Cost comparability with multiple-occupant automobiles. It's a lot harder to justify taking the train when there are more than two people traveling together to split costs.</p> <p>RESPONSE: CCJPA has numerous small group discount packages available that help make travel in small groups less costly as well as single trip discounts via promotions. See http://www.capitolcorridor.org/offers-promotions/</p>
5	<p>Train 540 January 23, 2017 On-Train Workshop Richmond to Sacramento; Attendance: 7 people</p>

	<ol style="list-style-type: none"> 1. General questions about the parking situations at Davis and Emeryville stations. RESPONSE: Staff summarized the parking situation at Davis and the evolving situation (construction project for a parking garage) at Emeryville 2. General question about police on the train in uniform and plain clothes. RESPONSE: Staff indicated that there are uniformed and plain clothes police officers on the train from time to time. This was appreciated by the commenter. 3. When you are completing the Roseville Phase 1 project, you will need to consider a bigger passenger shelter for Roseville. RESPONSE: CCJPA will work with the City of Roseville in the design effort to hopefully install a larger shelter area. 4. Can we have better coffee like Pete’s or Starbucks? RESPONSE: Food service is procured by Amtrak with our assistance. Thus far qualified and responsive bidders to food service have not included those coffee brands in their offering. CCJPA will explore opportunities working with Amtrak to change the specification during the next food vendor cycle. Gourmet coffee vendors such as Peet’s/Starbucks often require use of their own urns and/or specific brewing machines that we are unable to accommodate in our current Café Car configuration. We will continue to seek out ways to improve our coffee, and explore what can be done to accommodate the requirements of other coffee vendors. 5. The cost of parking in Sacramento is very high – can you do something about that? RESPONSE: CCJPA does not have direct control over parking at any station so in the case you would need to check with the City of Sacramento. There is a discounted monthly parking pass that can be used at the parking garage adjacent to Old Sacramento under the elevated freeway. 6. You should use Clipper Card for buying tickets RESPONSE: This is a very popular suggestion but one that CCJPA can’t entertain very well on its own with the national Amtrak ticketing system. CalSTA has identified working with other rail and transit providers to take steps to improve through ticketing for all types of transit and make it interoperable. CCJPA is participating in that effort which is of sufficient scale to become a viable replacement for Amtrak ticketing.
6	<p>Train 542 January 25, 2017 On-Train Workshop Great America to Oakland; Attendance: 7 people</p> <ol style="list-style-type: none"> 1. When will those platform signs at the base of the Santa Clara University Station underground walkway that look like they are supposed to tell you which train is at which platform be ready? They have been there inoperable over a year and most of the time with train noise above it is impossible to hear any audio announcements about the proper platform. You or Caltrain need to get those working!

	<p>RESPONSE: CCJPA will check in with Caltrain who manage the station functions and inquire as to what the issue is but then work to resolve the issue.</p> <p>2. Caltrain regularly delays train 523 getting into Diridon station. RESPONSE: CCJPA’s newly hired transportation officer will investigate and work with Caltrain to resolve the conflicting issue or suggest a future schedule change to resolve the delay.</p> <p>3. Comments to the CCJPA Website are not getting any response. RESPONSE: CCJPA is now aware of this and has already worked with the vendor to resolve the lack of communication and response.</p> <p>4. If you are contemplating the Ardenwood location for a replacement station for Hayward and Fremont, you need to calculate the real travel time during congestion on the highway to consider the impacts to the passengers who may need to shift their travel patterns. RESPONSE: CCJPA is looking at a shift to a more coastal track in the adopted Vision Plan documents and inclusion of a new station at Ardenwood to remain serving the Hayward and Fremont stations. When and if that moves forward, the CCJPA will analyze the net peak hour travel time impact and other associated impacts (air quality, VMT) of the shift in the environmental documentation process.</p> <p>5. You should use Clipper Card for buying tickets RESPONSE: This is a very popular suggestion but one that CCJPA can’t entertain very well on its own with the national Amtrak ticketing system. CalSTA has identified working with other rail and transit providers to take steps to improve through ticketing for all types of transit and make it interoperable. CCJPA is participating in that effort which is of sufficient scale to become a viable replacement for Amtrak ticketing.</p> <p>6. Can you please work with Amtrak to make it feasible to have a split ride benefits (the pre-tax ride payment thing) via purchase on the Amtrak website or smartphone app? RESPONSE: The CCJPA is aware that one ride benefit company (used by UC Davis) has already worked that out with Amtrak. We will inquire with Amtrak on how such companies can work with Amtrak to allow for this and make information on our website and via an email newsletter as to how employers can allow their employees to participate in this more convenient online process.</p>
7	<p>Train 542 January 25, 2017 On-Train Workshop Richmond to Sacramento; Attendance: 17 people</p> <p>1. When you use those Amtrak locomotives, you are poison us with the exhaust and especially with a four-car trainset, you end up sometimes having to close off a car because of the exhaust fumes. That means we are all crammed in to effectively two cars with café car not being for seating. I am ready to bring carbon monoxide monitor with me to measure these levels and report you to the health department and start the lawsuits. You</p>

used to have that baffle but I have not seen it in forever. You better get a seal over that door area soon or be prepared for serious problems.

RESPONSE: CCJPA previously worked with Amtrak to include a baffle to keep the exhaust from impacting the neighboring car. We will work with Amtrak to ensure that a baffle and/or door seal is regularly included when using the Amtrak locomotives.

2. Train 548 used to have food service on it and now I don't see it. I know train 550 doesn't but I expect that train 548 would include food service given the hours it runs. What happened?

RESPONSE: In order to cut costs relative to the food sales, CCJPA eliminated food service on late evening trains, including 548 and 550. CCJPA will examine re-establishing food service on train 548.

3. When Train 527 had that incident on December 7, 2016, the conductors deceived about the cause saying it was a broken rail but later as we stopped in Martinez we could hear them saying they would lose their job and I thought, over a broken rail? I come to learn that the conductors were telling the public one thing and it was not true. They should be honest up front.

RESPONSE: There is no official word as to the cause of the incident now due to Freedom of Information Act inquiries made to Amtrak.

4. Conductors are not enforcing one-seat rules in the quiet car. I ride from Martinez and want to go into the quiet car but by the time I get on, all seats are taken up with people sprawled out, sleeping over two seats. I pay my share and expect the conductors to enforce these rules. I am not getting equal treatment. This lack of enforcement pushes me to other cars and makes the other cars more crowded, catering to those who get on the train earlier. What are you going to do about this?

RESPONSE: The CCJPA recognizes the quiet car is a desired amenity but that significant numbers of people use it do, as you describe, over extend their use of seats. The CCJPA has been working with Amtrak crew managers to enforce the one-seat rule. CCJPA will commit to renewing this effort and conduct inspection audits of Amtrak crew performance.

5. Since your marketing budget is flat, you should consider working with local chamber of commerce locations and Visit California as partners – they have lots of abilities to support Capitol Corridor.

RESPONSE: We will look at those opportunities. Good suggestions.

6. You should only have a quiet car if there are five cars in the consist due to crowding issues and the other discussed quiet car issues.

RESPONSE: We believe we can focus on the seating rules and enforcement to preserve equal access but also function of the quiet car.

7. Please put all these comments with responses on the business plan portion of the website.

RESPONSE: We will do that.

8. Since we asked about seat crowding and you mentioned the problems with the new car order, what is CCJPA going to do? We need more cars for people if your ridership keeps growing like this, also bikes, and so we don't have limitations being stuck with four car trainsets.

RESPONSE: CCJPA has received only limited information on the delays to the bilevel car procurement and the contract managers (Caltrans and the Illinois DOT) are working to resolve these delays. Meanwhile, we ask that passengers be patient and courteous toward other passengers; follow the "One Ticket, One Seat" rule and be understanding that you may have to sit next to someone on busy trains. CCJPA staff are working on solutions to increase onboard bicycle storage capacity, and we have new secure bicycle storage lockers at select stations, with more coming in the next few months.

9. When Hubert retired you really lost a key communication person who looked out for the service and someone who bridged communication problems between Amtrak and Compass.

RESPONSE: When the former Transportation Officer retired, the customer comments that were sent to him were never forwarded to the other CCJPA staff. That being said, the CCJPA has just hired a new Transportation Services Manager (started February 1) who now has access to the current and prior unanswered comments and will be addressing these comments.

10. What are you going to do about the failure of new cars being built? Can't you just find another builder?

RESPONSE: The situation is serious and has implications for how we can expand service to/from Roseville but also with general capacity to accommodate more demand in the peak travel hours. As the contract manager, Caltrans is working towards a solution to this problem.

11. Please tell us what you can do to get pre-tax vouchers/credits able to be used when reserving online. I don't use a staffed station anytime and I find it very difficult to use this work benefit for Capitol Corridor service. You lose potential riders because this is not in place.

RESPONSE: We know that a company that UC Davis employs for this benefit program has developed something with Amtrak to allow online purchases. We will check with Amtrak management to see if this program can be expanded with other similar companies with the intent that many more people would be able to aided in a similar way.

12. The email on the Capitol Corridor website is not working all. I have tried numerous times to get a response which I used to get from Hubert Hanrahan. Now I get nothing. I now send all my emails to Garamendi. You have a serious problem here. Your delivery system has some major problems.

RESPONSE: You are correct about the problems. When Mr. Hanrahan left the notification system for emails for his subject matter never was

	<p>switched over to some other substitute person. We are aware of this situation now and have corrected the situation. That being said, the CCJPA has just hired a new Transportation Services Manager (started February 1) who now has access to the current and prior unanswered comments and will be addressing these comments. We have gone back and are currently working on responding to the comments that were missed, so you should be receiving a response soon.</p> <p>13. Your San Francisco buses are being run by a company who does not have the interests of the paying customers in mind. And Amtrak Operations and Compass Transportation that provides the buses never talk when they should. When Hubert was around, he could ensure that communications got routed. But with him gone it seems like Compass and Amtrak just can't communicate. For instance, I was on Train 521 which got canceled and merged with train 523 and when we arrived at the station there were just two buses, unable to accommodate two train worth of people. When something like this happened, Hubert would have made sure there were two more buses waiting because he would have made sure everyone got on a call to resolve this situation.</p> <p>RESPONSE: When the former Transportation Officer retired, the customer comments that were sent to him were never forwarded to the other CCJPA staff. That being said, the CCJPA has just hired a new Transportation Services Manager (started February 1) who now has access to the current and prior unanswered comments and will be addressing these comments. We will convey this lesson to Amtrak operations so that they can establish a playbook for bus connection issues like the one described which would have been aided by providing BART connections announced on the train since there are simply no spare buses standing by. Lessons learned over the course of the Compass contract will be applied to the procurement standards when their contract expires and a new contract bid is prepared.</p>
8	<p>Train 547 January 24, 2017 On-Train Workshop Davis to Martinez; Attendance: 7 people</p> <p>1. Can we have Café Car service back on the 6:55p train [Train 549]? It doesn't make much sense to not have food service on a train that operates during regular dinner hours.</p> <p>RESPONSE: Café Car service on select evening trains were eliminated to cut costs, but we will re-examine food service on the trains that operate around 7p-8p.</p> <p>2. Can you add an additional morning train between 522 and 524?</p> <p>RESPONSE: Unfortunately, due to limited rolling stock and existing UPRR limits on the number of passenger trains that can operate on their tracks, it would be near impossible for CCJPA to add another train in the morning peak hours between Oakland and Sacramento. This is also the case for between Oakland and San Jose. Increased frequency is a goal that CCJPA</p>

	has established for the service in the next 40 years, and it is a theme that is thoroughly examined in the 2014 Vision Plan Update.
9	<p>Train 546 January 26, 2017 On-Train Workshop Santa Clara/Great America to Richmond; Attendance: 18 people</p> <ol style="list-style-type: none"> 1. Is there monthly parking available at Great America station? If not, is it possible to reserve a few spots at the large City of Santa Clara garage nearby? RESPONSE: Capitol Corridor passengers can park for a maximum of 72 hours in the City of Santa Clara Park and Ride Lot near the station. 2. The Twitter updates when incidents and delays happen are usually delayed and therefore not useful. RESPONSE: The Capitol Corridor Twitter account is manually updated by CCJPA staff. While they try to update Twitter as soon as information about delays is available during regular work hours, some notifications about incidents are more delayed when it's non-regular work hours. As well, some delays and delay responses are not known for some time before a definitive action plan can be determined. We will continue to avoid putting out information that may later prove to be inaccurate. Via Amtrak operations, we are trying to identify ways to either automatically release Twitter alerts or have dedicated people update Twitter when incidents occur. 3. Have you considered using NextBus for train status tracking? NextBus had the opportunity to bid on the status tracking system years ago when it was proposed but they did not submit a solution. The solution is not, now, up for a new procurement. 4. Why don't we do bike storage Caltrain style? Without being specific about the rules governing the bike storage on cars used in Caltrain service, the requirements the CCJPA must follow necessitate stored luggage (which is the category for bicycles) is restrained in some manner from flying around in the event of a sudden stop. Thus, we strive to ensure each bicycle on the train is restrained in the event unintentional force is applied.
10	<p>Train 538 January 27, 2017 On-Train Workshop Richmond to Sacramento; Attendance: 20 people</p> <ol style="list-style-type: none"> 1. Those email alerts are slow and many times too late. RESPONSE: Unfortunately, depending on the delay, it may take significant time to provide accurate information. We don't want to provide false negatives or positives or provide partial information. We will explore options to indicate what we can earlier but at the expense of being able to provide more details. 2. What will happen when the new Fairfield/Vacaville station opens? Will there be delays, more ridership, or will you skip serving Suisun station and finally, when will it open? RESPONSE: There will be some additional schedule time to serve the station, but with the siding created, freight train impacts should be further

reduced. We will be taking time out of the overall schedule and so the scheduled travel duration might only go up by two minutes when we complete our travel time reduction project. There will be additional ridership generated by the station. We will not skip stopping at the Suisun station. The station is expected to be ready to open for service in the fall of 2017. We will make sure alerts are provided and our website have information about the new station opening.

3. Can you please put how to process pre-tax and other commuter benefit programs when purchasing Amtrak tickets? Can you reach out more about that feature with various employers?

RESPONSE: We will examine what level of information we can provide and work with Amtrak to improve those communications either on our website or theirs. We will strive to reach out to employee benefit representatives with some information about these programs.

4. What can be done about the smell of the toilets which is strong at times?

RESPONSE: The venting systems are going to be redesigned to improve smells. Coupled with increased waste tank cleaning protocols we instituted several years ago, the improved ratings we have seen over the years should be even more improved with the retrofit.

5. Can you please allow for companion animals to be allowed on the train – the type that are contained in a carrying container?

RESPONSE: Amtrak has a non-service animal policy. Capitol Corridor is not included on such a list. CCJPA will seek to learn more about the policy and consider joining the list and policy.

6. The CCJPA Business Plan should be put on the website and later, how do we follow up on the actions from these comments?

RESPONSE: The Business Plans are included on the website and will also include these comments and responses by staff.

7. Can you provide a comment button for when you scroll over the click map and hover over a station?

RESPONSE: We can explore if that can be done on a technical basis. Depending on the nature of the comment, we will want riders to know that many station situations are under the discretion of the local city and not CCJPA.

8. The lost and found system – is it common knowledge that it is always located in Sacramento?

RESPONSE: We include the location of the Lost and Found with a telephone number on our Rider Guide and on the website. Please call 916-444-7907 and leave a message with a detailed description of the item you lost, along with the date of travel and the train number you were riding or the station you visited.

9. Capitol Corridor should concentrate on using unused train capacity on the weekends.

RESPONSE: CCJPA strives to market to situations where we do have capacity. For example, we are currently offering a Buy One Get One Free offer for Saturdays only.

10. Can something be done to improve the shelter situation at the Oakland Coliseum station?

RESPONSE: Unfortunately, the available platform width at the Coliseum station is minimal and thus it will prevent any feasible shelter concept that is of significance due to the impact it would have on platform standing storage.

11. What doesn't the state have funding to do projects?

RESPONSE: Funding from the state was previously available but without any increases in fees and taxes and the complete draw down of all bond funds, dedicated capital/construction funding has basically evaporated for the state intercity passenger rail program. Currently, the state legislature is examining various proposals to address the state's transportation financing deficit with one proposal including dedicated, yet nominal, flow of funds to the state's passenger railroad services.

12. Can a barrier be set up under the tables to prevent people from stretching and putting their feet on the seat across from them?

RESPONSE: In concept a barrier could be installed but generally such a barrier would make table seating quite constrained despite solving the problem of shoe heels being placed upon seats. We would expect more complaints about constraining people in those seats.

13. The credit card purchase via the conductor is so slow and awkward compared to what it used to be. The airlines can do it. Can you please fix this?

RESPONSE: Changes with credit card authorization process required change to the prior process. We encourage people to use their smartphone, if they have one, to make their own purchase or use the free-wifi and a laptop if they have one. The conductors use the Amtrak website to make a purchase now and that is slower but the only method that allows for the type of secure transactions required. The airline sales are typically also below that of what might be processed on a conductor ticket sale.

14. I have missed the Marysville bus with a connection via the Capitol Corridor train which was late.

RESPONSE: We will check with Amtrak as to why the bus to Marysville bus did not hold. Please note that schedule for this bus is linked with San Joaquin trains.

15. I was in line at the San Jose station to get a ticket and late to catch the Capitol Corridor and the ticket sales agent did not make any sort of announcement to take those who have more timely connections. People ahead of me were getting on a train that was not leaving for another hour and I missed my train.

	<p>RESPONSE: The ticket agent has the option to make an announcement but with the volume of trains at that station, the agent has no way of knowing what train other people in line are trying to catch. We suggest arriving at stations early enough to allow time to account for other people in line.</p> <p>16. My yahoo.com email account has trouble on the Amtrak website with ticket purchases. Can you please see what is going on? It works on everything else I use. RESPONSE: We will bring this issue to Amtrak’s attention and they must see if there is an issue.</p> <p>17. Is there a security presence at San Jose Diridon station? I get out there sometimes at night and I don’t feel safe. RESPONSE: We will check with Caltrain, the owner of the San Jose-Diridon Station.</p>
11	<p>Train 543 January 25, 2017 On-Train Workshop Davis to Martinez; Attendance: 15 people</p> <p>1. How are the Capitol Corridor coordinated with the ship traffic that causes the Suisun-Martinez Bridge to lift, prohibiting the movement of the trains across the drawbridge. RESPONSE: The ships have the right-of-way as these ships were operating before the rail drawbridge was built. The UPRR bridge tender has the operating windows for when the Cap Corr trains are scheduled to operate over the drawbridge. This allows the UPRR bridgetender to communicate with the ship operators to slow down the ship, bay current velocity and weather permitting, to allow the train to pass over the bridge before being lifted for the ship(s).</p> <p>2. What can be done to widen the small, narrow center platform at the Berkeley? The current situation requires the train to double-stop at the outside station track to allow bicyclists to board and deboard the train. RESPONSE: Staff will continue looking at the opportunities to widen this center platform which is currently constrained due to road crossings at both sides of the Berkeley Station.</p> <p>3. When the train comes into the Davis Station at the outside/narrow platform, the train is leans always from the platform making it difficult to board the train. What can be done to fix this situation? RESPONSE: The Davis Station is on a curve and the train equipment is built to slightly tilt into curves when moving. However, when stopped on a curve like at the Davis Station, the train tilts thus causing the difficulty in boarding the train. The best option is straightening the curve at the Davis Station which will likely require a relocation of the station/platform. This is a costly endeavor. In the meantime, staff will have the conductors pay close attention to passengers boarding and deboarding at the outside platform at the Davis Station.</p> <p>4. The letterhead for the CCJPA on the workshop handout needs to be updated.</p>

	<p>RESPONSE: Thanks. We produced the handouts for the biz plan workshops prior to the last assignments by the CCJPA member agencies.</p> <p>5. What can be done to get better coffee in the cafe car? RESPONSE: As part of menu changes in the cafe car, staff has sampling of new menu items by passengers. We will see when the next menu change is scheduled and see what can be done to bring on a new coffee vendor.</p> <p>6. There are people who count bikes stored on the train; however, these counts occur between Martinez and Richmond. These bike counts should occur between Oakland- Jack London Square Station and Great America Station. RESPONSE: The CCJPA is not conducting these counts (it is Caltrans) but will see what can be done to have counts done between Oakland and Great America stations.</p> <p>7. I enjoy the Capitol Corridor service and frequently ride train 524 to Davis. What can be done to decrease the delays on this train? RESPONSE: Staff is working with Union Pacific RR to improve reliability on several trains.</p>
12	<p>Train 545 January 26, 2017 On-Train Workshop Davis to Martinez; Attendance: 35 people</p> <p>1. The ticketing vending machine (TVM) at Davis does not show Suisun City as a destination. RESPONSE: Amtrak has been notified to fix the TVM at Davis.</p> <p>2. Why does the Bike eLocker has a five-hour limit? Should it be longer? RESPONSE: The eLockers at the Capitol Corridor stations have a maximum rental time limit of 3-10 days. A possible reason why he/she thinks there is a 5-hour limit is because there isn't enough value on his/her BikeLink card.</p> <p>3. Similar to a question from a passenger on the train 543 workshop, a passenger asked why the train tilts when it stops at the outside/narrow platform at the Davis Station. RESPONSE: The Davis Station is on a curve and the train equipment is built to slightly tilt into curves when moving. However, when stopped on a curve like at the Davis Station, the train tilts thus causing the difficulty in boarding the train. The best option is straightening the curve at the Davis Station which will likely require a relocation of the station/platform. This is a costly endeavor. In the meantime, staff will have the conductors pay close attention to passengers boarding and deboarding at the outside platform at the Davis Station.</p> <p>4. A college professor wants to know if there are sales discounts for groups under the standard group of 20 people. RESPONSE: Passenger was provided with contact info for CCJPA staff who handle group sales. Groups of less than 20 people are encouraged to book using our Friends & Family Ride 50% discount.</p> <p>5. The car in train 520 (first morning train out of Oakland to Sacramento) is cold and uncomfortable.</p>

	<p>RESPONSE: Amtrak and CCPA staff have been notified of this issue and requested to address on-train cold temperatures.</p> <p>6. With the elimination of train 526 in the August 22, 2016 schedule change, can there be reciprocity with the eastbound Amtrak California Zephyr (train #6) which normally operates between trains 524 and 528? RESPONSE: Star. Will ask Amtrak to examine this reciprocity proposal.</p> <p>7. Has there been any work on extending Capitol Corridor trains to Truckee? RESPONSE: Placer Co TPA with assistance of the CCJPA conducting an evaluation off extending train service to Truckee/Reno in the early 2000s. The results indicated significant challenges to the extensions due to lack of track capacity and slower travel times compared to the existing connecting motorcoach service.</p> <p>8. What can be automate door opening on Amtrak Superliner cars which are currently being used as a bike car on Capitol Corridor trains? RESPONSE: Staff will check with Amtrak rolling stock engineering staff.</p> <p>9. Is there an easier way (such as automated emails or texts) for passengers to get coupons for excessive delays? RESPONSE: Staff has been working with Amtrak on such an initiative, which has since been put on hold with the recent Amtrak reorganization.</p>
13	<p>TRAC Letter Received February 1, 2017</p> <p>1. TRAC suggested to SJJPA and CalSTA that, in the long-term, the <i>San Joaquin</i> should be rerouted to go east-west on the Altamont Corridor. That would bring Central Valley passengers directly to the major employment districts of Silicon Valley, and would reduce congestion on the UP line from Martinez to Oakland. This is relevant to CCJPA because, if implemented, this proposal would provide more slots to the Capitol Corridor. Also, the Capitol Corridor would gain connecting <i>San Joaquin</i> passengers that need to travel north in the East Bay. RESPONSE: This is not an action that CCJPA can suggest for the SJJPA in the Capitol Corridor’s business plan. This is a matter that can and should be addressed with the SJJPA. It would need consideration at the state level. Union Pacific Railroad and BNSF would also have to consider what a change would be required since they are the host railroads involved with providing passenger service. Regardless, this is not something for the Business Plan for the CCJPA to consider.</p> <p>2. We foresee the potential for major private investment in the Altamont Corridor between the Altamont Pass and Fremont, allowing near-high-speed service from Sacramento directly to the Mid-Peninsula and San Francisco, via Stockton, the Dumbarton Rail Bridge and the Caltrain Corridor. This would result in CCJPA being the sole service provider in the I-80 Corridor. Sister agencies would contract for privately operated service of ACE and the <i>San Joaquin</i> on new passenger-only tracks in the Altamont Corridor, linking to the Capitol Corridor at Centerville or Newark. RESPONSE: Comment noted.</p>

Due to concern over rising sea levels (not to mention the ongoing slow orders along San Pablo Bay), we believe CCJPA should be planning to shift its route between Martinez and Richmond from UP's bayside route over to the BNSF's tracks. This would involve a tunnel and track connections.

RESPONSE: The CCJPA Vision Plan Update and VIP include this concept but the concept is not generally analyzed at the Business Plan level, except by reference to the Vision Plan documents that have been adopted.

3. In reviewing the capitalized maintenance projects on p. 9, it is unclear to us that tie replacement and tunnel strengthening are appropriate public expenditures. These strike us as the responsibility of the host railroad.

RESPONSE: The CCJPA supported the projects as operational and safety partnerships with CCJPA to ensure delays to Capitol Corridor service are prioritized ahead of the schedule the host railroad might pursue.

4. As expressed in our comment letter on the Roseville Extension DEIR, we continue to fail to see adequate public benefits being conveyed in exchange for building UP a third track, and do not see this project as worthy of funding. Table 4-1 is not specific enough to be able to determine what work is being done in Phase 1.

RESPONSE: TRAC's opinion on public investment in host railroad property in exchange for additional capacity is noted as it was during the EIR process.

5. We commend to CCJPA's attention the work of North Carolina's DOT in converting F59 locomotives into clean-burning Tier 4-compliant units, using proprietary add-on technology from California. This may prove far more cost-effective than replacing the entire fleet with Chargers.

RESPONSE: The additional Charger units were purchased to eliminate the need to utilize Tier 0 Amtrak owned locomotives and to improve air quality. We can look into the option to retrofit the F59s per North Carolina however this would ultimately need to be a Caltrans initiative as they own the equipment.

6. It is unclear from the text of the draft Update how PTC is being implemented. Is CCJPA installing the same models of on-board equipment as UP? Is interoperability only a factor in the Santa Clara to San Jose segment?

RESPONSE: CCJPA will have compatible PTC equipment pursuant to the Caltrans-led retrofit. Interoperability is required for all PTC installs but to ensure that a period of testing in the lab and on the train will be conducted to ensure proper function.

7. One of the major obstacles to higher-speed running will be eliminated once PTC is fully implemented. TRAC would like CCJPA to plan out the capital improvements that would be needed for 90 mph service, along with an order-of-

magnitude estimate of the improvements that would be needed to operate trains at 110 mph. The goal for end-to-end travel time from Oakland to San Jose should be 45 minutes.

RESPONSE: The Vision Plan documents, specifically the VIP document outline the process of how the CCJPA might pursue speed improvements which must be considered in the presence of freight service until that condition is changed. This policy is not something that CCJPA is prepared to consider in this Business Plan update.

8. TRAC recently determined that the delay to automobile traffic caused by trains at several intersections on the Peninsula was only one-quarter as long as the delay caused by traffic signals. TRAC believes that at-grade rail crossings have been unfairly blamed for an inherent limitation of automobile travel. This is why TRAC does not believe grade separations are necessary for higher speeds. If anything, delays will shrink with faster speeds. The installation of quad gates or supplementary safety measures will prevent bad judgment from getting drivers in trouble.

RESPONSE: Comment noted.

9. TRAC is very supportive of high on-time performance. However, when citing statistics on OTP improvement, it is essential to confirm that the improved statistic being reported is using the same metric. Similarly, we are interested to know precisely which metric is being cited when proclaiming the Capitol Corridor "as the third busiest route in the Amtrak national system." (p. 3.)

RESPONSE: The OTP is cited as end-station performance to the published station arrival time within a tolerance of 10 minutes. The third busiest citation is based on ridership numbers for all respective Amtrak-operated services.

10. The discussion of standards on p. 11 would benefit from a brief mention of what CalSTA changed in the Uniform Performance Standards, and why these standards differ from actual performance.

RESPONSE: There are now performance standards that supplement the original performance standards: train + bus passenger miles; total operating costs/passenger mile; and all stations on-time performance.

11. We would like to see CCJPA enter into a project with the Solano County Transportation Authority to enhance the convenience of station access. The commute from Solano locations to destinations served by the Capitol Corridor is a vast untapped source of potential ridership. With highway congestion getting ever worse, the train could be a viable commute for many, if the proper marketing and TNC promotions were undertaken.

RESPONSE: The CCJPA does strive within these constraints to extend the reach of Capitol Corridor service awareness and will work with STA explore what more can

	<p>be done, including what promotions can be planned with the scheduled opening of the Fairfield Vacaville station.</p> <p>12. It is astonishing that large numbers of passengers are choosing to pay for TNC connections to stations, despite the availability of free transfers. Please survey your passengers to more deeply understand more about how they value cost vs. convenience, among other factors, in their mode choices. RESPONSE: TNCs have changed the dynamic of transportation to/from Capitol Corridor. CCJPA will consider in our annual surveys to try to get at the mode choices being valued by our passengers however present day statistics suggest the change is on the order of 1 percent toward TNCs now from transit. This may be a growing trend and additional planned surveys will assess that factor.</p> <p>13. How does CCJPA maintain static expenses while the Amtrak and third-party expenses are going up? Describe the services that are being jettisoned. Given its rising expenses, how does Amtrak explain why Other Revenue is projected to decline over time? RESPONSE: Amtrak labor expenses are trending upwards but are offset by the drop in fuel costs over the past 2-3years.</p> <p>14. TRAC is pleased to see all the weekend service to San Jose, and looks forward to when this number of trains can be provided every day. It would be most helpful if Table 5-1 could be broken out to show separate weekday and weekend statistics. RESPONSE: We will see what we can do on this request.</p> <p>Editorial Suggestions</p> <p>p. 1: Delete "and final form by June 15, 2017." p. 18: We were unable to find the status of coach purchases in Section 4. p. 22: The end of note (c) was cut off. p. 27: Please add a column to Appendix B to separately track the cost of completed projects. Lumping those costs in with programmed costs is not helpful. Please clarify the meaning of these obscure phrases: p. 5: "because the transformations they can achieve just raise the bar and the cost for the next transformational service change." p. 8: " The developing State Rail Plan sees capital investments along a strategic trajectory from the way services operated and developed today toward a layered multi-tiered rail operating environment that better serves travel markets and delivers better cost efficiency metrics than the bifurcated services do." RESPONSE: CCJPA thanks TRAC for these catches and will incorporate corrections for the final version.</p>
14	Webpage Generated comments: 01/26/2017; Jordan; Regular Commuter (several times a week)

	<p>It's frustrating as a passenger to not have a consistent expectation as to when we will make it to our stops. If we constantly have to wait for train traffic in the exact same location at least 3x a week, why not change the expected arrival time? For example, I no longer take the 8AM 525 train because for 3 weeks in a row, I was getting to Great America at 9:45am, when it should be in at 9:06am. Now I take the 527 which is only late by 5-10 minutes consistently. If we can get home on time, why can we not get to work on time? Either change the departure time to anticipate when we will have traffic or at least update the schedule to say when we are actually going to get in, seeing as it happens almost every day.</p> <p>RESPONSE: We acknowledge your frustrations and are examining congestion levels related to the scheduled service but there have also been construction activities of late which have resulted in late trains and those have impacted the trains. Thankfully that work is completed now. We will seek to restore 525 to the expected performance so that you can rely upon it.</p>
15	<p>01/26/2017; AJ Martinez; Leisure Rider (at least once a month)</p> <p>In the past, there was talk of expanding the route south to Salinas with additional stops in Watsonville, Gilroy and Morgan Hill. Currently Caltrain (JPBX) has only 3 trains in the early morning North and 3 trains in the evening south. This is inconvenient. Housing developments have been popping up in the south bay due to the ever growing bay area housing crisis, thus causing traffic on Highway 101. I'm one of many who were priced out of the bay area and had to move to Hollister just about 10 minutes from Gilroy. Any help would be appreciated. Also as a suggestion for the Café car, beers from local breweries should be included on the menu and there should be a new seasonal rotation of different café items available to the passenger. Keep up the great work CCJPB!</p> <p>RESPONSE: TAMC and CCJPA are working together to try to service to/from Salinas but our ability to do so is dictated by not controlling the railroad we operate on across the distance. We will have to first be able to get more trains to/from San Jose to begin serving Salinas. The beer suggestion is a direction we are trying to go but we do have to work through distributors under contract to deliver to Amtrak commissary.</p>
16	<p>01/26/2017; Randy Ruiz; Casual Rider (at least once a year)</p> <p>Please reconsider a combination of the "Oakland Subdivision" and "Warm Springs" subdivision as these lines offer a faster route through more densely developed areas and are not as susceptible to sea rise as the "Coast" line, which largely runs through light industrial areas and wetlands. Furthermore, the Milpitas route offers multiple opportunities for interchange with BART. Silicon Valley employees could continue to reach work through shuttles, VTA, and Caltrain. Thank you.</p> <p>RESPONSE: Those lines are controlled by the Union Pacific RR but as an alternative, they closely parallel the BART line and would make Capitol Corridor service duplicative. The Coast line is a faster direct line between Oakland and Silicon Valley but it does have challenges of needing to be built to adapt to rising tides. That is part of the plan as outlined in the CCJPA's Vision Plan documents.</p>

17	<p>01/26/2017; Jason Carver; Leisure Rider (at least once a month)</p> <p>I ride the Capitol Corridor at least once a month because my Grandma lives in a care home in Sacramento and I live in Hayward so between Regional Transit and Capitol Corridor, it makes it easy. However, I'd like to see trains start earlier in Hayward as I have to take BART to Richmond and then take a Capitol Corridor from Richmond to get to Sacramento around 10am on weekends. I would like to also see more frequent service to Roseville, California where I would be more than happy to take a bike from the station to a hotel. The whole thing about going into Sacramento is that it's a pain in the butt riding public transit the rest of the way (takes 1 additional hour to get to Citrus Heights).</p> <p>RESPONSE: Unfortunately, we only have limited flexibility with our frequency across the weekends and weekdays, which are different schedules based on the general ridership market demands and in order to maintain our ridership levels and meet demand, we can't satisfy all the potential needs of every rider. We do have plans for more Roseville service but that opens in 2020 per our best estimates now.</p>
18	<p>01/26/2017; Ron West; Avid Rider (several times a month)</p> <p>Hi, Thanks for opportunity to provide feedback on the BP. As a rider of the system, I would like to see more rail cars in service. Was very disappointed to learn that new rail cars will not be come into service until at least 2020 (and perhaps much later). The 14 daily round trips is a good and sustainable level of service. However, the cars are really showing their age - and all too often short (four car) trains are utilized on peak trains. In my opinion, putting more high quality cars and locomotives into service should be a top priority. Thanks again for opportunity to comment.</p> <p>RESPONSE: The news on receiving new cars is not good.</p>
19	<p>Received February 4, 2017 via Social Media</p> <p>I saw an Amtrak bus with destination Martinez in Vallejo a couple of days ago, on Curtola Pkwy, about to pass the Curtola bus station and Park & Ride. A light bulb went off in my head. There are people who live in Vallejo and work in Davis, or go to Sacramento regularly, or Oakland. A scheduled Amtrak bus shuttle from Vallejo to Martinez will save people gas and driving time and get them to the Amtrak station in Martinez, where they can get on a train to San Jose, Jack London Square, Davis, Sacramento, and even Auburn. How fantastic would that be??? Please help facilitate this.</p> <p>RESPONSE: There is a scheduled bus (Amtrak Thruway) bus that connects with the San Joaquin Intercity Trains from Vallejo to/from Martinez (https://www.amtrak.com/ccurl/303/20/San-Joaquins-Schedule-100316,0.pdf) but it does not always line up with Capitol Corridor service with a purposeful timed connection. The market for Vallejo to Capitol Corridor connections is likely to be better served for destinations in the east via the Suisun City station and there are transit services that provide this connection today but they are not</p>

	<p>express and probably not very convenient for the frequent traveler. We will consider this suggestion as we work with CalSTA and the SJPA to improve the motorcoach and bus connections across California.</p>
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**CAPITOL CORRIDOR JOINT
POWERS AUTHORITY**
Independent Auditor's Report, Management's
Discussion and Analysis, and
Basic Financial Statements

For the Years Ended June 30, 2016 and 2015



A new breed
of professional
services firm

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
For the Years Ended June 30, 2016 and 2015

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Independent Auditor's Report

To the Board of Directors
Capitol Corridor Joint Powers Authority
Oakland, California

We have audited the accompanying financial statements of the Capitol Corridor Joint Powers Authority ("Authority") as of and for the years ended June 30, 2016 and 2015 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Macias Gini & O'Connell LLP

Oakland, California

February 6, 2017

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2016 and 2015

Introduction

The following discussion and analysis of the financial performance and activity of the Capitol Corridor Joint Powers Authority ("Authority") provides an introduction and understanding of the basic financial statements of the Authority for the year ended June 30, 2016, with selected comparative information for the years ended June 30, 2015 and 2014. This discussion was prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Authority was created by the State of California ("State") Legislature in 1996. It is a partnership among six local transportation agencies and was formed for the purpose of administering and managing the operation of the Capitol Corridor Rail Service as part of the California intercity passenger rail system. The Authority receives funding from the State to operate and improve the Capitol Corridor Rail Service in order to provide a frequent, safe, reliable and affordable travel alternative to the I-80/I-680 highway corridor between Auburn and Oakland and I-880 between Oakland and San Jose. The Capitol Corridor connects outlying communities to the train service via an extensive, dedicated motor coach network that assists passengers traveling beyond the train stations. It is overseen by a Board of Directors, comprised of 16 elected officials from the six member agencies along the Capitol Corridor route, a 170-mile corridor, with 16 stations, between San Jose and Auburn.

The six transportation agencies comprising the Authority are the San Francisco Bay Area Rapid Transit District ("BART"), the Managing Agency, Placer County Transportation Planning Agency, Sacramento Regional Transit District, Santa Clara Valley Transportation Authority, Solano Transportation Authority and the Yolo County Transportation District.

The enabling legislation called for BART to provide dedicated staff and administrative management to the Authority for a three-year term starting in February 1998. The administrative support service agreement between BART and the Authority has been renewed several times with the current agreement ending in February 2020. BART's management responsibilities on behalf of the Authority include but are not limited to the overseeing of day-to-day rail and motor coach scheduling and operations; reinvesting operating efficiencies into service enhancements; overseeing deployment and maintenance of rolling stock and coordinating with appropriate agencies and local communities to develop and implement a capital improvement program.

The Basic Financial Statements

The basic financial statements provide information about the Authority's Enterprise Fund. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB).

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements are comprised of two components: 1) the financial statements and 2) the notes to the basic financial statements.

The *statements of net position* present information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2016 and 2015

The *statements of revenues, expenses and changes in net position* present information on how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statements for some items that will result in cash flows in future fiscal periods (e.g., accounts payable).

The *statements of cash flows* present information using the direct method and include a reconciliation of operating loss to net cash used in operating activities.

The financial statements can be found on pages 9 – 11 of this report.

The *notes to the basic financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12 – 23 of this report.

Financial Highlights

Statements of Net Position

A comparison of the Authority's statements of net position as of June 30, 2016, 2015 and 2014 is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 17,303,812	\$ 10,244,970	\$ 15,905,493
Noncurrent assets - capital assets, net	4,810,334	5,873,502	6,675,709
Total assets	<u>22,114,146</u>	<u>16,118,472</u>	<u>22,581,202</u>
Current liabilities	<u>16,216,391</u>	<u>8,963,611</u>	<u>14,635,515</u>
Net position			
Net investment in capital assets	4,810,334	5,873,502	6,675,709
Unrestricted net position	<u>1,087,421</u>	<u>1,281,359</u>	<u>1,269,978</u>
Total net position	<u>\$ 5,897,755</u>	<u>\$ 7,154,861</u>	<u>\$ 7,945,687</u>

In fiscal year 2016, current assets increased by \$7,058,842 primarily due to the following: (1) increase in cash and cash equivalents by \$5,944,287 principally from receipt of \$4,372,206 advance funding from the State that were not used for operations in fiscal year 2015 based on annual reconciliation of results of operations and from operating funds from the State amounting to \$3,114,131 that were not remitted to AMTRAK until fiscal year 2017, offset by \$1,362,697 Capitol Corridor Reinvestment Program ("CCRP") funds expended during fiscal year 2016; (2) increase in receivable from AMTRAK by \$1,035,283 resulting from the annual reconciliation of results of operation for the period October 2015 to June 2016; and (3) increase in Capital Grants receivable by \$296,514 offset by decrease in grants receivable from the California Department of Transportation by \$131,622 as there were minimal billings related to Minor Capital Improvement Program (MCIP) charges in 2016.

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In fiscal year 2016, noncurrent assets decreased by \$1,063,168 due to depreciation of capital assets.

In fiscal year 2015, current assets decreased by \$5,660,523 primarily due to the decrease in cash and cash equivalents by \$6,959,754. In fiscal year 2015, the Authority settled its entire obligation for train operations with AMTRAK that were previously withheld due to reporting compliance issues (see discussion on current liabilities below). Grants receivable from the California Department of Transportation also decreased by \$1,706,890, as there were only two months of administrative and marketing billings that were uncollected at June 30, 2015, compared to six months unpaid billing at June 30, 2014. The aforementioned decreases were offset by an increase in receivable from AMTRAK by \$3,218,855 largely due to credits expected to be received by the Authority related to the fiscal year 2015 reconciliation of results of train operations.

In fiscal year 2015, noncurrent assets decreased by \$802,207 due to depreciation of capital assets amounting to \$816,618, offset by the net increase of \$14,411 in capitalized expenditures.

In fiscal year 2016, current liabilities increased by \$7,252,780 due to the effects of the following: (1) increase by \$3,114,131 of amounts due to AMTRAK as June 2016 train operations payments was disbursed in fiscal year 2017; (2) increase by \$3,595,629 in unearned revenue primarily due to credits expected to be received as a result of fiscal year 2016 reconciliation of results of train operations with AMTRAK; and (3) increase in accounts payable to vendors by \$531,887 due to the timing of settlement of project related expenses incurred near the end of fiscal year 2016.

In fiscal year 2015, current liabilities decreased by \$5,671,904 due to the effects of the following: (1) decrease by \$7,745,602 of amounts due to AMTRAK as all train operations payments, which were withheld due to reporting compliance issues along with the call center settlement of \$1,260,000, were resolved in fiscal year 2015; (2) decrease in liability due to BART by \$1,121,812 as there were only two months of administrative and marketing expenses unpaid at the end of fiscal year 2015 compared to six months at the end of fiscal year 2014; and (3) offset by an increase of \$3,284,656 in unearned revenue primarily due to credits expected to be received as a result of fiscal year 2015 reconciliation of results of train operations with AMTRAK.

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Statements of Revenues, Expenses and Changes in Net Position

A comparison of the Authority's statements of revenues, expenses and changes in net position for the years ended June 30, 2016, 2015 and 2014 is as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 22,097	\$ 134,887	\$ 94,458
Operating expenses	<u>(33,427,160)</u>	<u>(34,735,782)</u>	<u>(34,269,712)</u>
Operating loss	<u>(33,405,063)</u>	<u>(34,600,895)</u>	<u>(34,175,254)</u>
Nonoperating revenues (expenses)			
Grants from State of California,			
Department of Transportation	32,139,857	33,783,275	33,310,869
Grants for facility improvement revenues	4,622,565	3,158,052	3,242,285
Facility improvement grant expenses	<u>(4,622,565)</u>	<u>(3,158,052)</u>	<u>(3,242,285)</u>
Interest income	8,100	12,384	14,433
Nonoperating revenues, net	<u>32,147,957</u>	<u>33,795,659</u>	<u>33,325,302</u>
Change in net position before capital contributions	<u>(1,257,106)</u>	<u>(805,236)</u>	<u>(849,952)</u>
Capital contributions	<u>-</u>	<u>14,410</u>	<u>80,744</u>
Change in net position	<u>(1,257,106)</u>	<u>(790,826)</u>	<u>(769,208)</u>
Net position, beginning of year	<u>7,154,861</u>	<u>7,945,687</u>	<u>8,714,895</u>
Net position, end of year	<u>\$ 5,897,755</u>	<u>\$ 7,154,861</u>	<u>\$ 7,945,687</u>

The Authority's operating expenses consist of charges for train operations and bus feeder services, marketing and administrative expenses and other operating expenses. A significant portion of these expenses is primarily financed from funding received from the State of California. This State funding is reported as grants from the State of California, Department of Transportation. There were no significant changes in the Authority's operating expenses over the last three fiscal years since funding provided by the State remains relatively flat.

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Facility improvement grant expenses refer to capital improvement expenses that are not capitalized nor recorded as capital assets by the Authority since the improvements in the Capital Corridor track are owned by Union Pacific Railroad Company ("UPRR") per Construction Agreement (see Note 5). These types of expenses are primarily those covered by the Construction Agreement entered into between the Authority and UPRR. Grants received associated with these types of expenses are recorded by the Authority as "Facility Improvement Grant Revenues", the related expenses are recorded as "Facility Improvement Grant Expenses". In fiscal year 2016, the grants for facility improvement revenues and expenses were higher by \$1,464,513 compared to fiscal year 2015 as there were increased expenditures for the following projects: On-Board Information System, Track, Bridge and Signal Upgrade, Capitalized Maintenance, Oakland to San Jose Double Track Phase 2 and the completion of the Oleum Tunnel project in fiscal year 2016.

The following projects comprise the facility improvement charges for fiscal year 2016:

- Roseville 3rd Track
- Track, Bridge and Signal Upgrade
- Capitalized Maintenance 2015
- California High Speed Rail Project
- On-Board Information System
- TAMC Rail Extension
- Oakland to San Jose Double Track Phase 2
- E-Lockers at Stations
- FY13/14 Safety Improvements
- FY14/15 Safety Improvements
- Oleum Tunnel

In fiscal year 2015, the grants for facility improvement revenues and expenses were lower by \$84,233 compared to fiscal year 2014 as the following projects were completed or were substantially complete as of end of fiscal year 2015: On-Board Communication Safety and Operations Control, Capitalized Maintenance Phase 3, ROW Crossing Barriers and Swing Gates, Wayfinding and Safety Information Signs and Web Application.

The following projects comprise the facility improvement charges for fiscal year 2015:

- ROW Crossing Barriers and Swing Gates
- Safety Improvements Phase 3
- Roseville 3rd Track
- Capitalized Maintenance 2015
- Track, Bridge and Signal Upgrade
- On-Board Communication Safety and Operations Control
- On-Board Information System
- California High Speed Rail Project
- TAMC Rail Extension
- Oakland to San Jose Double Track Phase 2
- E-Lockers at Stations
- FY13/14 Safety Improvements
- Wayfinding and Safety Information Signs
- Web Application.

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Please refer to Note 5 for project details and expenses.

Capital contributions consist of grants received by the Authority from the State, from either the Department of Transportation or the California Office of Emergency Services (CalOES), relating to capital improvements owned by the Authority. These grants are recorded by the Authority as "Grants Restricted for Capital Expenditures." There were no capitalized construction activities during fiscal year 2016.

In fiscal year 2015, capital contributions are lower by \$66,334 compared to fiscal year 2014 as there were minimal trailing capitalized construction activities related to wireless information development project which was substantially complete in fiscal year 2014.

Capital Assets

Information on the Authority's capital assets can be found in Note 4 – Capital Assets in the accompanying notes to the basic financial statements.

The Authority has construction and other significant commitments amounting to \$10,193,424 and \$11,111,782 as of June 30, 2016 and 2015, respectively.

Contacting the Authority's Financial Management

The Authority's financial report is designed to provide the Authority's Board of Directors, management, creditors, legislative and oversight agencies, citizens and customers with an overview of the Authority's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Rosemarie Poblete, Controller-Treasurer of BART, at 300 Lakeside Drive, P.O. Box 12688, Oakland, California 94604.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY

Statements of Net Position

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Unrestricted assets		
Cash and cash equivalents	\$ 10,604,170	\$ 4,659,883
Grants receivable - California Department of Transportation	788,938	920,560
Facility improvement grants receivable	1,363,351	1,066,837
Incentive, assessment and other receivables - National Railroad Passenger Corporation	4,525,025	3,489,742
Prepaid Assets	<u>586</u>	<u>86,203</u>
Total unrestricted current assets	<u>17,282,070</u>	<u>10,223,225</u>
Restricted assets		
Cash and cash equivalents	<u>21,742</u>	<u>21,745</u>
Total current assets	<u>17,303,812</u>	<u>10,244,970</u>
Noncurrent assets		
Nondepreciable capital assets	-	626,760
Depreciable capital assets, net	<u>4,810,334</u>	<u>5,246,742</u>
Total noncurrent assets	<u>4,810,334</u>	<u>5,873,502</u>
Total assets	<u>22,114,146</u>	<u>16,118,472</u>
Liabilities		
Current liabilities		
Accounts payable	959,007	427,120
Due to National Railroad Passenger Corporation	3,114,131	-
Due to San Francisco Bay Area Rapid Transit District	1,044,759	1,033,626
Unearned revenue and other liabilities - California Department of Transportation and California Emergency Management Agency	<u>11,098,494</u>	<u>7,502,865</u>
Total current liabilities	<u>16,216,391</u>	<u>8,963,611</u>
Net Position		
Net investment in capital assets	4,810,334	5,873,502
Unrestricted net position	<u>1,087,421</u>	<u>1,281,359</u>
Total net position	<u>\$ 5,897,755</u>	<u>\$ 7,154,861</u>

The accompanying notes are an intergral part of these basic financial statements.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues		
Assessment revenues	\$ 20,934	\$ 134,525
Other operating revenues	1,163	362
	<u>22,097</u>	<u>134,887</u>
Operating expenses		
Train operations and bus feeder services	28,014,858	29,658,275
Marketing and administrative services	4,125,000	4,125,000
Depreciation expenses	1,063,168	816,618
Other operating expenses	224,134	135,889
	<u>33,427,160</u>	<u>34,735,782</u>
Operating loss	<u>(33,405,063)</u>	<u>(34,600,895)</u>
Nonoperating revenues (expenses)		
Grants from California Department of Transportation	32,139,857	33,783,275
Facility improvement grant revenues	4,622,565	3,158,052
Facility improvement grant expenses	(4,622,565)	(3,158,052)
Interest income	8,100	12,384
	<u>32,147,957</u>	<u>33,795,659</u>
Nonoperating revenues, net	<u>32,147,957</u>	<u>33,795,659</u>
Change in net position before capital contributions	(1,257,106)	(805,236)
Capital Contributions		
Grants restricted for capital expenditures	-	14,410
Change in net position	(1,257,106)	(790,826)
Net position, beginning of year	<u>7,154,861</u>	<u>7,945,687</u>
Net position, end of year	<u>\$ 5,897,755</u>	<u>\$ 7,154,861</u>

The accompanying notes are an integral part of these basic financial statements.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY

Statements of Cash Flows

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Assessment fees and other operating revenues	\$ 112,112	\$ 87,214
Payments for train operations and bus feeder services	(24,917,697)	(37,346,261)
Payments for marketing and administrative services	(3,815,082)	(5,368,356)
Payments for other operating expenses	(124,895)	(96,870)
Net cash used in operating activities	<u>(28,745,562)</u>	<u>(42,724,273)</u>
Cash flows from noncapital financing activities		
Receipts from grants for train operations and bus feeder services	25,368,876	24,166,349
Receipts from grants for marketing and administrative services	3,942,727	5,785,699
Receipts from grants for other operating expenses	5,398,207	5,704,087
Grants received for facility improvements	4,326,051	3,368,216
Expenditures for facility improvement grants	(4,254,115)	(3,456,493)
Net cash provided by noncapital financing activities	<u>34,781,746</u>	<u>35,567,858</u>
Cash flows from capital and related financing activities		
Cash advance received from (paid to) S. F. Bay Area Rapid Transit District	(100,000)	100,000
Grants received for capital expenditures	-	94,195
Acquisition of capital assets	-	(14,411)
Net cash provided by (used in) capital and related financing activities	<u>(100,000)</u>	<u>179,783</u>
Cash flows from investing activities		
Interest received on investments	8,100	12,384
Net change in cash and cash equivalents	5,944,285	(6,964,248)
Cash and cash equivalents, beginning of year	4,681,628	11,645,876
Cash and cash equivalents, end of year	<u>\$ 10,625,912</u>	<u>\$ 4,681,628</u>
Reconciliation of cash and cash equivalents to Statement of Net Position		
Unrestricted assets	\$ 10,604,170	\$ 4,659,883
Restricted assets	21,742	21,745
Cash and cash equivalents, end of year	<u>\$ 10,625,912</u>	<u>\$ 4,681,628</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (33,405,063)	\$ (34,600,895)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,063,168	816,618
Changes in assets and liabilities:		
(Increase) decrease in assessment and other receivables,		
National Railroad Passenger Corporation	122,015	(95,675)
(Increase) decrease in prepaid assets	85,617	(86,203)
Increase in accounts payable	34,700	20,252
Increase (decrease) in due to National Railroad Passenger Corporation	3,114,131	(7,745,602)
Increase (decrease) in due to S. F. Bay Area Rapid Transit District	239,870	(1,032,768)
Net cash used in operating activities	<u>\$ (28,745,562)</u>	<u>\$ (42,724,273)</u>
Supplemental disclosures of cash flow information:		
Noncash capital and related financing activities		
Receivable from AMTRAK also recorded as unearned liability	\$ 4,508,340	\$ 3,351,042

The accompanying notes are an intergal part of these basic financial statements.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

1 – Description of Reporting Entity

In July 1996, Senate Bill 457 was passed, which provided for the creation of the Capitol Corridor Joint Powers Board (“Board”). On December 31, 1996, the Board entered into a Joint Exercise of Powers Agreement with six public transportation agencies (“Agencies”) to establish the Capitol Corridor Joint Powers Authority (“Authority”), a public instrumentality of the State of California. The six member agencies are the San Francisco Bay Area Rapid Transit District (“Managing Agency”), Placer County Transportation Planning Agency, Sacramento Regional Transit District, Santa Clara Valley Transportation Authority, Solano Transportation Authority, and the Yolo County Transportation District. The governing board of the Authority consists of six members from the Managing Agency and two members from each of the five other Agencies. The Authority is responsible for the administration and managing the operation of the existing rail service in the Auburn-Sacramento-Suisun City-Oakland-San Jose Corridor (“Capitol Corridor Rail Service”).

On July 1, 1998, the Authority entered into an Interagency Transfer Agreement (“ITA”) with the State of California, Department of Transportation (“State”). The ITA provided for the transfer of the responsibility for administration, managing and control of the operation of the Capitol Corridor Rail Service from the State to the Authority for an initial three-year term terminating June 30, 2001, and was renewed for a second three-year term which expired on June 30, 2004. Effective November 10, 2003, the ITA was amended such that the term shall continue on and after July 1, 2004 until terminated by either party, by giving advance written notice to the other as stipulated in the ITA.

The Authority receives funding from the State to operate and improve the Capitol Corridor Rail Service in order to provide a travel alternative to the congested parallel I-80/I-680/I-880 highway corridors. The train equipment used in the Capitol Corridor Rail Service is owned by the State and the service is operated by the National Railroad Passenger Corporation (“AMTRAK”) under contract to the Authority on railroad track owned by the Union Pacific Railroad Company (“UPRR”).

2 – Summary of Significant Accounting Policies

(a) Basis of Accounting and Presentation

The basic financial statements provide information about the Authority’s Enterprise Fund. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied; and revenue from investments is recognized when earned.

(b) Proprietary Accounting and Financial Reporting

The Enterprise Fund, a proprietary fund, distinguishes operating revenues and expenses from nonoperating items. The Authority’s operating revenues are generated directly from its transit operations and consist principally of assessment revenues. Operating expenses for the transit operations include all costs related to providing transit services. These costs include charges for train operations and bus feeder services, charges for marketing and administrative services, and other operating expenses. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

(c) Restricted Assets

Certain assets of the Authority are classified as restricted on the statement of net position because their use is subject to externally imposed stipulations, either by agreement or by laws or regulations.

(d) Capital Assets

Capital assets are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 20 years. The Authority follows BART's policy which is to capitalize acquisitions of capital assets with a cost of \$5,000 or more and a useful life of more than one year, and all costs related to capital projects, regardless of amount.

Major improvements to existing equipment are capitalized. The costs for maintenance and repairs, which do not extend the useful life of the applicable assets, are charged to expense as incurred. Upon disposition, costs and accumulated depreciation are removed from the accounts and resulting gains or losses are included in operations.

(e) Unearned Revenue and Other Liabilities - State of California, Department of Transportation

The Authority receives advance grant funding from the State for the operations of the Capitol Corridor track structure. The Authority recognizes the revenues in the period in which the related expenses are incurred (Note 7).

(f) Net Position

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The net position section on the statement of net position was combined to report total net position and presents it in three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets includes capital assets net of accumulated depreciation. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation and include amounts restricted for debt service and other liabilities. As of fiscal year end 2016 and 2015 the Authority has \$0 restricted net position. All other net position of the Authority is unrestricted.

(g) Operating Revenues and Expenses

Operating revenues generally result from providing services in connection with the Authority's principal ongoing operations. The Authority's operating revenues include assessment revenues and other revenues such as special promotional train service, recovered incentives reinvested in service, transfer fees, freight tariff fees and other miscellaneous revenues. Assessment revenues are recognized upon assessment of fees for nonperformance with regards to standards set in the AMTRAK operating agreement.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

Operating expenses consist of costs associated with train operations and bus feeder services, marketing and administrative expenses, and other operating expenses. Under the operating agreement between the Authority and AMTRAK, the Authority pays AMTRAK a predetermined fixed amount to operate the Capitol Corridor Rail Service on a year to year basis. The contractual amount is based on AMTRAK's anticipated costs of operating the Capitol Corridor service during the fiscal year, net of a projected amount of base passenger fares that will be collected.

(h) Nonoperating Revenues and Expenses

Nonoperating revenues and expenses include grants received from the State of California, facility improvement grant revenues, and facility improvement grant expenses. Revenues are recognized when the associated expenses are incurred in accordance with the terms of the grant agreement. Grants from the State of California for expenditures incurred by UPRR and disbursements to other vendors for the design and construction of renovations and improvements to the facilities and track structure of the Capitol Corridor are recognized at the time when the eligible projects costs are incurred.

(i) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(j) New Accounting Pronouncements Adopted

In February 2015, the Governmental Accounting Standards Board ("GASB") issued Statement No. 72, *Fair Value Measurement and Application*, which is intended to improve accounting and financial reporting for state and local governments' investments by enhancing the comparability of financial statements among governments by requiring measurements of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The statement also requires that donated capital assets, works of art and similar assets and capital assets received in service concession agreements be reported at acquisition value rather than fair value. As of June 30, 2016, the Authority adopted this statement, which did not have a significant impact to its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments*, which clarifies the hierarchy of GAAP and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the scope of authoritative GAAP. As of June 30, 2016, the Authority adopted this statement, which did not have a significant impact to its financial statements.

3 – Cash and Cash Equivalents

The Authority does not have a written investment policy. In March 2009, the Authority's Managing Agency suspended the investment account and fund sweep service agreement whereby the Authority's excess cash had been invested for a higher yield than those in a traditional bank account. This change was made because the fees generated by the sweep account exceeded the interest earned on the prevailing money market yield. Instead the Authority opted for the Public Funds Interest Checking account, which yielded an average of 0.15% and 0.17% interest annually for fiscal year 2016 and 2015, respectively.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

Deposits

The carrying amount of the Authority's deposits with banks was \$10,625,912 and \$4,681,628 as of June 30, 2016 and 2015, respectively. The bank balance was \$10,289,285 and \$7,318,765 at June 30, 2016 and 2015, respectively. The bank balance of cash deposits on June 30, 2016 was less than the carrying value due to deposits in transit of \$731,362 offset with outstanding checks of \$394,735. At June 30, 2015 the bank balance was greater than the carrying value due to outstanding checks of \$2,637,137.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposit may not be returned to it. The California Government Code Section 53652 requires California banks and savings and loan associations to secure governmental deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the agency's deposits. California law also allows financial institutions to secure governmental deposits by pledging first trust deed mortgage notes having a value of 150% of the agency's total deposits. Such collateral is considered to be held in the Agency's name.

The amounts deposited with the bank were covered by federal depository insurance or were collateralized by the pledging financial institution as required by Section 53652 of the California Government Code. Such collateral is held by the pledging financial institutions' trust department or agent in the Authority's name.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

4 – Capital Assets

The changes in capital assets for the year ended June 30, 2016 are summarized as follows:

	Lives (Years)	2015	Additions and Transfers	Retirements and Transfers	2016
Nondepreciable capital assets:					
Construction in progress	NA	\$ 626,760	\$ -	\$ (626,760)	\$ -
Depreciable capital assets:					
Communication equipment	10	5,710,093	352,818	-	6,062,911
Yard equipment	20	63,872	-	-	63,872
Ticket vending equipment	10	304,830	-	-	304,830
Food catering equipment	10	24,164	-	-	24,164
Security equipment	10	1,263,211	190,922	(146,189)	1,307,944
Office equipment and furniture	5	6,212	-	-	6,212
Station equipment	5	16,818	32,589	-	49,407
Intangible system software development	15	1,588,636	50,431	-	1,639,067
Total depreciable capital assets		8,977,836	626,760	(146,189)	9,458,407
Less accumulated depreciation		(3,731,094)	(1,063,168)	146,189	(4,648,073)
Total depreciable capital assets, net		5,246,742	(436,408)	-	4,810,334
Total capital assets, net		\$ 5,873,502	\$ (436,408)	\$ (626,760)	\$ 4,810,334

There were no additions to construction in progress in 2016 as all projects relate to facility improvement expenses.

Assets placed into service during fiscal year 2016 amounted to \$626,760 for the following projects: Passenger Information Display Signs, Automated Ticket Vending, Wireless Information System Development Project and Security Cameras and Signs Replacement.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

The changes in capital assets for the year ended June 30, 2015 are summarized as follows:

	Lives (Years)	2014	Additions and Transfers	Retirements and Transfers	2015
Nondepreciable capital assets:					
Construction in progress	NA	\$ 624,077	\$ 14,411	\$ (11,728)	\$ 626,760
Depreciable capital assets:					
Communication equipment	10	5,698,365	11,728	-	5,710,093
Yard equipment	20	63,872	-	-	63,872
Ticket vending equipment	10	304,830	-	-	304,830
Food catering equipment	10	24,164	-	-	24,164
Security equipment	10	1,263,211	-	-	1,263,211
Office equipment and furniture	5	6,212	-	-	6,212
Station equipment	5	16,818	-	-	16,818
Intangible system software development	15	1,588,636	-	-	1,588,636
Total depreciable capital assets		8,966,108	11,728	-	8,977,836
Less accumulated depreciation		(2,914,476)	(816,618)	-	(3,731,094)
Total depreciable capital assets, net		6,051,632	(804,890)	-	5,246,742
Total capital assets, net		\$ 6,675,709	\$ (790,479)	\$ (11,728)	\$ 5,873,502

In fiscal year 2015, the additions in construction in progress totaled \$14,411 for the Wireless Information System Development Project.

Assets placed into service during fiscal year 2015 amounted to \$11,728 for Wireless Information System Development Project.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

5 – Facility Improvement Grant Expenses

In December 2000, the Authority and UPRR entered into a Track Access, Engineering and Design Agreement to contract for the design of renovations and improvements on the Capitol Corridor track (“project design”) to be provided by UPRR at the Authority’s expense. Project design refers to project pre-construction activities, which include plans, specifications and cost estimates, environmental assessment and capacity analyses. The Authority had secured funding through grants from the State of California amounting to \$5,888,000 and grants from various local agencies totaling \$94,000 to cover the costs of the project design.

In April 2002, the Authority signed a construction and maintenance agreement (the “Construction Agreement”) with UPRR. The Construction Agreement and subsequent amendments stipulate that the Authority shall provide the construction funding to UPRR for construction projects on the Capitol Corridor track (the “Improvements”) in an amount up to \$105,580,736 of which Improvements with budgeted costs totaling \$93,437,632 had been completed through fiscal year 2016. The Construction Agreement also states that UPRR shall be the sole owner of all the Improvements upon commencement of the construction and at all times thereafter.

As part of the Construction Agreement, UPRR granted the Authority or its permitted assignee, the right to operate in perpetuity the total number of the Capitol Corridor trains agreed to in writing by the parties, over the Capitol Corridor track. Therefore, in the event UPRR sells or transfers to any third party all or any portion of the track structure upon which the Improvements have been constructed, UPRR shall reserve sufficient rights and easements to enable UPRR to continue to perform its obligations to the Authority under the Construction Agreement. The Construction Agreement also provides that the Authority shall seek funding for its proportionate share of the maintenance costs of such improvements after their completion.

The right granted by UPRR to the Authority to operate in perpetuity the trains on the Capitol Corridor track represents an intangible asset for the Authority. No amount has been attributed to the intangible asset.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

5 – Facility Improvement Grant Expenses (Continued)

The facility improvement grant expenses, which is not limited to the UPRR Construction and Maintenance Agreement, amounted to \$4,622,565 and \$3,158,052 in fiscal year 2016 and 2015, consisted of expenditures for the following projects:

	<u>2016</u>	<u>2015</u>
California High Speed Rail Project	\$ 16,544	\$ 20,902
Capitalized Maintenance 2015	588,676	366,812
Capitalized Maintenance Phase 3	-	16,670
Capitalized Safety Improvements Phase 3	-	657,686
Capitol Corridor Track, Bridge and Signal Upgrade	510,685	260,671
E-Lockers and Folding Bicycle Rental Project	3,805	2,854
FY13/14 Safety Improvements	43,211	8,014
FY14/15 Safety Improvements	12,380	-
Oakland to San Jose Double Track Phase 2	1,164,821	187,302
Oleum Tunnel	800,000	-
On Board Information System (OBIS)	924,507	417,623
Roseville 3rd track	549,879	1,041,580
Row Crossing Barriers and Swing Gates	-	11,976
TAMC Rail Extension	8,057	11,946
Wayfinding & Safety Information Signs	-	99,446
Web Application	-	54,570
	<u> </u>	<u> </u>
Total	<u>\$ 4,622,565</u>	<u>\$ 3,158,052</u>

6 – Related Party Transactions

Capital project expenses, facility improvement grant expenses, marketing and administrative services and other operating expenses incurred by the Managing Agency on behalf of the Authority amounted to \$3,871,100 and \$3,834,000 for the years ended June 30, 2016 and 2015, respectively. An advance of \$500,000 to cover facility improvement grant expenses was also provided by BART to the Authority during fiscal year 2016, which was paid off the same year. In fiscal year 2015, BART provided a \$2,000,000 advance to the Authority to cover facility improvement expenses. A balance of \$100,000 remain as of June 30, 2015, which was eventually paid off during fiscal year 2016.

Capital project expenses, facility improvement grant expenses, marketing and administrative services and other operating expenses that had been paid by the Managing Agency on behalf of the Authority, which have not yet been repaid by the Authority to the Managing Agency at the end of the year, are included in the financial statements as Due to San Francisco Bay Area Rapid Transit District. The amounts owed to the Managing Agency are non-interest bearing. The Managing Agency is reimbursed as soon as the Authority receives reimbursements from the State.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

A summary of amounts owed to the Managing Agency at June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Construction costs	\$ 30,676	\$ 159,413
Marketing and administrative services	1,014,083	774,213
Other expenses/Advance to cover capital expenses	-	100,000
	<u>\$ 1,044,759</u>	<u>\$ 1,033,626</u>

7 – Unearned Revenue and Other Liabilities – State of California, Department of Transportation and California Emergency Management Agency

Unearned revenue and other liabilities - State of California, Department of Transportation and California Office of Emergency Services (“CalOES”), consist of amounts received in advance of incurring the expenditures related to:

	<u>2016</u>	<u>2015</u>
Train operations and bus feeder services	\$ 2,712,447	\$ 2,806,770
Unused portion of reinvestment program	8,290,359	4,600,406
Advance for facilities improvement projects	21,744	21,745
Other	73,944	73,944
	<u>\$ 11,098,494</u>	<u>\$ 7,502,865</u>

On June 30, 2016 and June 30, 2015, the unearned revenue for train operations and bus feeder services was \$2,712,447 and \$2,806,770, respectively. These advance payments were received in June 2016 and June 2015, respectively, from the State in advance of the monthly payment for train operations and bus services due to AMTRAK in July 2016 and July 2015, respectively.

Beginning in October 2001, the Authority’s operating agreement with AMTRAK included an annual allocation from the State for the Capitol Corridor Reinvestment Program (“CCRP funds”). As agreed to, these CCRP funds follow Caltrans Division of Rail protocol and policy for minor capital projects. In fiscal year 2016, there was \$0 allocation for CCRP and \$889,000 was allocated for fiscal year 2015. Effective October 1, 2014, all payments for On-Time Performance (OTP) was disbursed using the operating funds received from the State as compared to prior years where OTP charges were disbursed using CCRP funds. As of June 30, 2016 and 2015, the unused portion of the cumulative advance amounts to \$8,290,359 and \$4,600,406, respectively. The increase in CCRP balance by \$3,689,953 is largely due to the credits expected to be received from AMTRAK as a result of the fiscal year 2016 reconciliation of results of train operations.

As of June 30, 2016 and 2015, the unutilized balance of the advances received from the CalOES for facilities improvements and capital asset development was \$21,742 and \$21,745, respectively.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

8 – Assessment Revenue

According to the operating agreement, the Authority assesses the nonperformance of AMTRAK with regards to standards set in the operating agreement, including but not limited to “On Time Performance and Maintenance of Stations,” and charges them fees for nonperformance. For the years ended June 30, 2016 and 2015, the mechanical assessment revenue earned was \$20,934 and \$134,525, respectively.

9 – Charges for Train Operations and Bus Feeder Services

Expenses for train operations and bus feeder services and corresponding funding sources are summarized as follows:

<i>Funding Source</i>	<u>2016</u>	<u>2015</u>
Operating	\$ 26,620,498	\$ 27,617,549
CCRP	1,362,698	1,587,881
MCIP	31,662	452,845
TOTALS	<u>\$ 28,014,858</u>	<u>\$ 29,658,275</u>

In accordance with the operating agreement, AMTRAK provides rail passenger services over the Capitol Corridor route and related bus feeder services. The reimbursement to AMTRAK by the Authority is based on a fixed amount as mutually agreed to by both parties and amounted to \$26,620,498 and \$27,617,549 for fiscal years 2016 and 2015, respectively, net of adjustment due to year end reconciliation with AMTRAK for results of operations. This reimbursement also includes call center costs, which was stipulated starting in the 2014 contract with AMTRAK. The unreimbursed amount due to AMTRAK for train operations at June 30, 2016 and 2015 amounted to \$3,114,131 and \$0, respectively.

Included in the Authority’s operating agreement with AMTRAK is an annual allocation from the State, for minor capital improvement projects (MCIP) to improve facilities used on the Capitol Corridor route. The Authority received a \$500,000 allocation for minor capital improvements in fiscal years 2016 and 2015. Under the terms of the operating agreement, the Authority must encumber the allocated amount and authorize funding for Authority approved projects by the end of the second year after the year of allocation. Projects must be completed with final invoices sent by the Authority to the State for reimbursement. The Authority incurred other charges related to train operations and bus feeder services under CCRP and MCIP funds. Other charges for train operations and bus feeder services paid to various vendors from CCRP and MCIP funds amounted to \$1,394,360 and \$2,040,726 for fiscal years 2016 and 2015, respectively

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

10 – Charges for Marketing and Administrative Services

Effective July 1, 1998, the Authority and the Managing Agency entered into an Agreement for Administrative Support (“Agreement”), which provided marketing and administrative support to the Board for the benefit of the Authority. The Managing Agency is reimbursed by the Authority for actual expenses incurred or paid on behalf of the Authority for marketing and administrative services. The Agreement has been extended to February 19, 2020. The Board may then select the current Managing Agency or another rail transit agency to provide marketing and administrative support to the Board. The charges for marketing and administrative services are summarized as follows:

	<u>2016</u>	<u>2015</u>
Salaries and benefits	\$ 3,759,875	\$ 3,693,336
Advertising	9,727	5,877
Insurance	-	115,354
Other consulting fees	188,229	135,660
Travel and entertainment	52,642	61,568
Legal and accounting	32,189	45,348
Dues and subscriptions	10,604	10,060
Telephone	20,278	19,147
Office supplies	35,930	31,464
Training and seminars	7,478	1,780
Repairs and maintenance	2,242	1,237
Miscellaneous expenses	5,806	4,169
	<u>\$ 4,125,000</u>	<u>\$ 4,125,000</u>

11 – Grants from State of California

Effective July 1, 1998, the Authority and the State entered into a Fund Transfer Agreement (“FTA”). The FTA provides for State funding, appropriated by the State Budget Act and allocated to the Authority in accordance with provisions of the FTA and ITA, for the Capitol Corridor Rail Service. In accordance with the ITA and FTA provisions, any required funding is contributed towards actual marketing and administrative costs and operational losses of the Capitol Corridor Rail Service. Effective November 10, 2003, the ITA was amended so that the term shall continue after July 1, 2004 until terminated by either party, by giving advance written notice to the other as stipulated in the ITA. The FTA shall remain in effect for as long as the ITA remains in effect. At June 30, 2016 and 2015, the amount due from the State amounted to \$788,938 and \$920,560, respectively. The balance as of June 2016 and 2015 includes receivables of \$28,282 and \$342,176 for AMTRAK train operation services, respectively.

The Authority also receives from the State and other agencies funding for facility improvements and capital projects. As of June 30, 2016 and 2015, the total grants receivable were \$1,363,351 and \$1,066,837 respectively.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Notes to Basic Financial Statements
For the Years Ended June 30, 2016 and 2015

12 – Commitments and Contingencies

Simultaneous to entering into the ITA with the State (Note 1), on July 1, 1998, the Authority entered into an equipment lease with the State. The State leases State-owned coaches and locomotives (“Equipment”) to the Authority that were rented for the sum of \$1. The State retains title to the Equipment while the Authority is responsible for all expenses accruing for possession, operation, maintenance and use of the Equipment. Funding for such expenses is provided by the State. As the Authority only operates the Equipment for the Capitol Corridor Rail Service on behalf of the State, the Authority has not recorded the Equipment as a capital lease on its financial statements.

Amounts received by the Authority from the State in accordance with various agreements, entitle the State to audit the Authority’s use of such funds. Accordingly, amounts received by the Authority are subject to adjustment for any State disallowed expenditures made with these funds.

The Authority has construction and other significant commitments amounting to \$10,193,424 and \$11,111,782 as of June 30, 2016 and 2015, respectively.

13 – Risk Management

The Authority has an indemnification agreement with AMTRAK, the contract operator, as part of the annual operating agreement, whereby the Authority, its employees and agents shall be held harmless for any and all claims, damages, liability and court awards associated with the train and bus feeder services operations, subject to certain exclusions. The Authority also carries a commercial general liability insurance policy, including personal and advertising coverage, with general aggregate limit of \$10,000,000. There have been no claims payments related to these programs that exceeded insurance limits in the last three years.

14 – Concentration of Credit Risk

The Authority receives substantially all of its funds for operating and capital purposes from the State. The Authority’s net revenues provided by the State were 99.9% in fiscal year 2016 and 96.1% in fiscal year 2015. At June 30, 2016 and 2015, receivables from the State represented 16% and 11% of total assets, respectively.

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**CAPITOL CORRIDOR
JOINT POWERS AUTHORITY**

Report to the Board of Directors

For the Year Ended June 30, 2016



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of professional
services firm



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To the Board of Directors of the
Capitol Corridor Joint Powers Authority
Oakland, CA

In planning and performing our audit of the basic financial statements of the Capitol Corridor Joint Powers Authority (Authority) as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We have included in this letter a summary of communications with the Board of Directors as required by professional auditing standards. We would also like to thank the Authority's management and staff for the courtesy and cooperation extended to us during the course of our engagement.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Oakland, California
February 6, 2017

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Report to the Board of Directors
For the Year Ended June 30, 2016

REQUIRED COMMUNICATIONS

We have audited the basic financial statements of the Capitol Corridor Joint Powers Authority (the "Authority") for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 8, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the basic financial statements. As described in Note 2 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and No. 76, *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments*, however the adoption of these standards did not have a material effect to the Authority's financial statements.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's basic financial statements were:

Management's useful life estimates for capital assets are based on the economic life of the assets. We evaluated the key factors and assumptions used to develop the useful life estimates for capital assets in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements were:

- The disclosure of related party transactions in Note 6 to the financial statements which are based on activity reported by the Managing Agency.
- The disclosure of grants from the State of California and related unearned revenue in Notes 11 and 7, respectively, to the financial statements which were based reconciliation of activities between AMTRAK and the Authority as well as confirmation from the State of California.

The basic financial statement disclosures are neutral, consistent, and clear.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Report to the Board of Directors
For the Year Ended June 30, 2016

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the basic financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 6, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Report to the Board of Directors
For the Year Ended June 30, 2016

Other Matters

We applied certain limited procedures on Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

CAPITOL CORRIDOR JOINT POWERS AUTHORITY
Report to the Board of Directors
For the Year Ended June 30, 2016

SUMMARY OF UNCORRECTED MISSTATEMENTS

Impact of Uncorrected Misstatements on Enterprise Fund Financial Statement Captions - Increase (Decrease)

Description (Nature) of Audit Differences	Statement of Net Position			Changes in Net Position		
	Assets and Deferred Outflows of Resources	Liabilities Deferred Inflows of Resources	Net Position	Operating Revenues	Operating Expenses	Nonoperating Revenues, Net and Capital Contributions
Uncorrected misstatements						
To record depreciation expense in the correct period	-	-	-	-	(222,746)	-
Total uncorrected misstatements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (222,746)</u>	<u>\$ -</u>
Financial statement amounts	<u>\$ 22,114,146</u>	<u>\$ 16,216,391</u>	<u>\$ 5,897,755</u>	<u>\$ 22,097</u>	<u>\$ 33,427,160</u>	<u>\$ 32,147,957</u>
Impact as a percentage of financial statement amounts	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>-0.67%</u>	<u>0.00%</u>