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AMENDED IN SENATE JUNE 26, 2008
AMENDED IN ASSEMBLY APRIL 21, 2008
AMENDED IN ASSEMBLY APRIL 9, 2008

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 3034

Introduced by Assembly Members Galgiani and Ma
(Principal coauthors: Assembly Members Davis and Parra)
(Coauthors: Assembly Members Adams, Aghazarian, Arambula,
Beall, Berryhill, Caballero, Charles Calderon, Carter, Coto,
De Leon, Dymally, Houston, Huffman, Karnette, Leno, Lieu,
Maze, Price, Ruskin, Saldana, Solorio, Torrico, and Wolk)
(Coauthors: Senators Alquist, Cedillo, Florez, Kuehl, Scott, Steinberg,
Torlakson, and Wiggins)

February 22, 2008

An act to add Sections 185033 ~~and 185035~~, *185035*, and *185037* to the Public Utilities Code, to amend Sections 2704.01, 2704.04, 2704.05, 2704.06, 2704.08, 2704.09, 2704.095, 2704.10, 2704.11, 2704.12, 2704.13, 2704.15, 2704.18, and 2704.21 of the Streets and Highways Code, and to amend Sections 1, 3, and 4 of Chapter 697 of the Statutes of 2002, relating to transportation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 3034, as amended, Galgiani. Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century.

Existing law, Chapter 697 of the Statutes of 2002, as amended by Chapter 71 of the Statutes of 2004 and Chapter 44 of the Statutes of 2006, provides for submission of the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the voters for approval at the November 4, 2008, general election. Subject to voter approval, the act would provide for the issuance of \$9.95 billion of general obligation bonds, \$9 billion of which would be available in conjunction with any available federal funds for planning and construction of a high-speed train system pursuant to the business plan of the High-Speed Rail Authority, and \$950 million of which would be available for capital projects on other passenger rail lines to provide connectivity to the high-speed train system and for capacity enhancements and safety improvements to those lines.

This bill would make various revisions to the bond act to be submitted to the voters. The bill would refer to construction of a high-speed train system consistent with the authority's certified environmental impact report of November 2005, rather than with the final business plan of June 2000. The bill would revise the descriptions of route corridors of the proposed high-speed train system. The bill would require excess revenues from operation of the high-speed train system beyond the amount needed for operating and maintenance costs and financing obligations, as determined by the authority, to be used for construction, expansion, improvement, replacement, and rehabilitation of the high-speed train system. The bill would require that not more than 10% of certain bond proceeds be used for environmental studies, planning, and preliminary engineering activities, and *for, among other things, the acquisition of interests in real property and right-of-way and improvement, the mitigation of any direct or indirect specified environmental impacts, and relocation assistance for specified displaced property owners and occupants.* The bill would require the authority to complete various funding plans and financial analyses, as specified, prior to submitting a request for appropriation of bond funds for eligible capital costs and prior to committing bond proceeds for expenditure for construction and real property and equipment acquisition. The bill would require the authority to give priority in selecting corridors for construction to those corridors that are expected to require the least amount of bond funds as a percentage of total cost of construction, among other considerations. The bill would provide for the bonds to have a final maturity of not more than 40 years.

This bill would require the bond measure to appear first on the November 4, 2008, general election ballot and to be designated as Proposition 1. The bill would specify the ballot label and title and summary to be used for the measure.

Existing law creates the ~~California~~ High-Speed Rail Authority with specified powers and duties relative to the development and implementation of a high-speed train system. *Existing law makes the Department of Transportation responsible for improving and maintaining the state highway system.*

This bill would require the authority to revise its business plan by October 1, 2008, as specified, and to submit the revised plan to the Legislature. The bill would also require the authority to establish an independent peer review group for the purpose of reviewing the planning, engineering, financing, and other elements of the authority's plans and issuing an analysis of appropriateness and accuracy of the authority's assumptions and an analysis of the viability of the authority's funding plan for each corridor. *This bill would, for those projects affecting the state highway system or other assets owned or under the jurisdiction of the department, require the authority and the department to enter into agreements for the department to provide project design and engineering services including construction inspection services, as defined. The bill would, for all other projects along the high-speed rail network, authorize the authority to contract with the department to perform these services.*

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 185033 is added to the Public Utilities
- 2 Code, to read:
- 3 185033. The authority shall prepare, publish, and submit to
- 4 the Legislature, not later than October 1, 2008, a revised business
- 5 plan that identifies all of the following: the type of service it
- 6 anticipates it will develop, such as local, express, commuter,
- 7 regional, or interregional; a description of the primary benefits the
- 8 system will provide; a forecast of the anticipated patronage,
- 9 operating costs, and capital costs for the system; an estimate and

1 description of the total anticipated federal, state, local, and other
2 funds the authority intends to access to fund the construction and
3 operation of the system; and the proposed chronology for the
4 construction of the eligible corridors of the statewide high-speed
5 train system. The revised business plan shall also include a
6 discussion of all reasonably foreseeable risks the project may
7 encounter, including, but not limited to, risks associated with the
8 project's finances, patronage, construction, equipment, and
9 technology, and other risks associated with the project's
10 development. The plan shall describe the authority's strategies,
11 processes, or other actions it intends to utilize to manage those
12 risks.

13 SEC. 2. Section 185035 is added to the Public Utilities Code,
14 to read:

15 185035. (a) The authority shall establish an independent peer
16 review group for the purpose of reviewing the planning,
17 engineering, financing, and other elements of the authority's plans
18 and issuing an analysis of appropriateness and accuracy of the
19 authority's assumptions and an analysis of the viability of the
20 authority's financing plan, including the funding plan for each
21 corridor required pursuant to subdivision ~~(d)~~ (b) of Section 2704.08
22 of the Streets and Highways Code.

23 (b) The peer review group shall include all of the following:

24 (1) Two individuals with experience in the construction or
25 operation of high-speed trains in Europe, Asia, or both, designated
26 by the Treasurer.

27 (2) Two individuals, one with experience in engineering and
28 construction of high-speed trains and one with experience in project
29 finance, designated by the Controller.

30 (3) One representative from a financial services or financial
31 consulting firm who shall not have been a contractor or
32 subcontractor of the authority for the previous three years,
33 designated by the Director of Finance.

34 (4) One representative with experience in environmental
35 planning, designated by the Secretary of Business, Transportation
36 and Housing.

37 (5) Two expert representatives from agencies providing intercity
38 or commuter passenger train services in California, designated by
39 the Secretary of Business, Transportation and Housing.

1 (6) One expert with engineering, financial, or environmental
2 expertise appointed by the Senate Committee on Rules and one
3 expert with engineering, financial, or environmental expertise
4 appointed by the leader of the Senate Minority Caucus.

5 (7) One expert with engineering, financial, or environmental
6 expertise appointed by the Speaker of the Assembly and one expert
7 with engineering, financial, or environmental expertise appointed
8 by the leader of the Assembly Minority Caucus.

9 (c) The peer review group shall evaluate the authority's funding
10 plans and prepare its independent judgment as to the feasibility
11 and reasonableness of the plans, appropriateness of assumptions,
12 analyses, and estimates, and any other observations or evaluations
13 it deems necessary.

14 (d) The authority shall provide the peer review group any and
15 all information that the peer review group may request to carry
16 out its responsibilities.

17 ~~(d)~~

18 (e) The peer review group shall report its findings and
19 conclusions to the Legislature no later than 60 days after receiving
20 the plans.

21 SEC. 3. Section 185037 is added to the Public Utilities Code,
22 to read:

23 185037. (a) Notwithstanding Section 185036, for those projects
24 affecting the state highway system or other assets owned or under
25 the jurisdiction of the department, the authority and the department
26 shall enter into agreements, upon those terms as they may agree
27 in writing, for the department to provide project design and
28 engineering services, including construction inspection services.

29 (b) Any project utilizing the department's services shall be
30 included in the department's capital outlay support program for
31 workload purposes.

32 (c) For all other projects along the high-speed rail network, the
33 authority may contract with the department to perform project
34 design and engineering services, including construction inspection
35 services.

36 (d) For purposes of this section, "project design and engineering
37 services, including construction inspection services" means
38 preliminary engineering, pre-bid services, right-of-way acquisition,
39 preparation of environmental documents, construction inspection
40 including surveying and materials testing, quality control

1 *inspection including highway and utility relocation, and grade*
2 *separations performed by the department consistent with current*
3 *practices for state highway projects.*

4 ~~SEC. 3.~~

5 SEC. 4. Section 1 of Chapter 697 of the Statutes of 2002, as
6 amended by Section 1 of Chapter 71 of the Statutes of 2004, is
7 amended to read:

8 Section 1. (a) The continuing growth in California’s population
9 and the resulting increase in traffic congestion, air pollution,
10 greenhouse gas emissions, and the continuation of urban sprawl
11 make it imperative that the state proceed quickly to construct a
12 state-of-the-art high-speed passenger train system to serve major
13 metropolitan areas.

14 (b) The High-Speed Rail Authority, after extensive studies and
15 analysis, proposes the construction of a high-speed train system
16 that serves major population centers in the state and that links
17 regional and local transit systems to form an integrated
18 transportation system throughout the state. The system will link
19 all of the state’s major population centers, including Sacramento,
20 the Bay Area, the Central Valley, Los Angeles, the Inland Empire,
21 Orange County, and San Diego.

22 (c) The high-speed train system proposed by the authority will
23 cost about one-third of what it would cost to provide the same
24 level of mobility and service with highway and airport
25 improvements and will contribute significantly toward a reduction
26 in air pollution and global warming.

27 (d) The high-speed train system, once it is completed and
28 becomes operational, will contribute significantly toward the goal
29 of reducing greenhouse gas emissions and other air pollutants and
30 will help reduce California’s dependence on foreign energy sources.

31 (e) The high-speed passenger train bond funds are intended to
32 encourage the federal government and the private sector to make
33 a significant contribution toward the construction of the high-speed
34 train system.

35 (f) It is the intent of the Legislature that the entire high-speed
36 train system shall be constructed as quickly as possible in order
37 to maximize ridership and the mobility of Californians, and that
38 it be completed no later than 2020, and that all phases shall be
39 built in a manner that yields maximum benefit consistent with
40 available revenues.

1 ~~SEC. 4.~~

2 ~~SEC. 5.~~ Section 2704.01 of the Streets and Highways Code,
3 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
4 amended to read:

5 2704.01. As used in this chapter, the following terms have the
6 following meanings:

7 (a) “Committee” means the High-Speed Passenger Train Finance
8 Committee created pursuant to Section 2704.12.

9 (b) “Authority” means the High-Speed Rail Authority created
10 pursuant to Section 185020 of the Public Utilities Code.

11 (c) “Fund” means the High-Speed Passenger Train Bond Fund
12 created pursuant to Section 2704.05.

13 (d) “High-speed train” means a passenger train capable of
14 sustained revenue operating speeds of at least 200 miles per hour
15 where conditions permit those speeds.

16 (e) “High-speed train system” means a system with high-speed
17 trains and includes, but is not limited to, the following components:
18 right-of-way, track, power system, rolling stock, stations, and
19 associated facilities.

20 (f) “Corridor” means a portion of the high-speed train system
21 as described in Section 2704.04.

22 (g) ~~“Segment”~~ “Usable segment” means a portion of a corridor
23 that includes at least two stations.

24 ~~SEC. 5.~~

25 ~~SEC. 6.~~ Section 2704.04 of the Streets and Highways Code,
26 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
27 amended to read:

28 2704.04. (a) It is the intent of the Legislature by enacting this
29 chapter and of the people of California by approving the bond
30 measure pursuant to this chapter to initiate the construction of a
31 high-speed train system linking the state’s major population
32 centers, including Sacramento, the Bay Area, the Central Valley,
33 Los Angeles, the Inland Empire, Orange County, and San Diego
34 consistent with the authority’s certified environmental impact
35 report of November 2005.

36 (b) (1) Net proceeds received from the sale of nine billion
37 dollars (\$9,000,000,000) principal amount of bonds authorized
38 pursuant to this chapter, upon appropriation by the Legislature in
39 the annual Budget Act or separate statute, shall be used for (A)
40 planning the high-speed train system and (B) capital costs,

1 described in subdivision (c), *for the usable segment of the*
 2 *high-speed train system between San Francisco Transbay Terminal*
 3 *and Los Angeles Union Station and Anaheim. Once construction*
 4 *of the San Francisco-Los Angeles usable segment is fully funded,*
 5 *all remaining funds described in this subdivision shall be used for*
 6 *eligible capital costs, as described in subdivision (c), for the*
 7 following high-speed train system corridors:
 8 (A) Sacramento to Stockton to Fresno.
 9 (B) San Francisco Transbay Terminal to San Jose to Fresno.
 10 (C) Oakland to San Jose.
 11 (D) Fresno to Bakersfield to Palmdale to Los Angeles Union
 12 Station.
 13 (E) Los Angeles Union Station to Riverside to San Diego.
 14 (F) Los Angeles Union Station to Anaheim to Irvine.
 15 ~~(G) Altamont Corridor connecting the Central Valley to the San~~
 16 ~~Francisco Bay Area.~~
 17 (G) *Merced to Stockton to Oakland/San Francisco via the*
 18 *Altamont Corridor.*
 19 (2) Nothing in this section shall prejudice the authority's
 20 determination and selection of the alignment from the Central
 21 Valley to the Bay Area and its certification of the environmental
 22 impact report.
 23 (3) Revenues of the authority, generated by operations of the
 24 high-speed train system above and beyond operating and
 25 maintenance costs and financing obligations, including, but not
 26 limited to, support of revenue bonds, as determined by the
 27 authority, shall be used for construction, expansion, improvement,
 28 replacement, and rehabilitation of the high-speed train system.
 29 (c) Capital costs payable or reimbursable from proceeds of
 30 bonds described in paragraph (1) of subdivision (b) include, with
 31 respect to the high-speed train system or any portion thereof, all
 32 activities necessary for acquisition of interests in real property and
 33 rights-of-way and improvement thereof; acquisition and
 34 construction of tracks, structures, power systems, and stations;
 35 acquisition of rolling stock and related equipment; mitigation of
 36 any direct or indirect environmental impacts of activities authorized
 37 by this chapter; relocation assistance for displaced property owners
 38 and occupants; other related capital facilities and equipment; and
 39 such other purposes related to the foregoing, for the procurement
 40 thereof, and for the financing or refinancing thereof, as may be set

1 forth in a statute hereafter enacted. The method of acquisition of
2 any of the foregoing may also be set forth in a statute hereafter
3 enacted.

4 (d) Proceeds of bonds authorized pursuant to this chapter shall
5 not be used for any operating or maintenance costs of trains or
6 facilities.

7 (e) The State Auditor shall perform periodic audits of the
8 authority's use of proceeds of bonds authorized pursuant to this
9 chapter for consistency with the requirements of this chapter.

10 ~~SEC. 6.~~

11 *SEC. 7.* Section 2704.05 of the Streets and Highways Code,
12 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
13 amended to read:

14 2704.05. Subject to Section 2704.18, the proceeds of bonds
15 issued and sold pursuant to this chapter shall be deposited in the
16 High-Speed Passenger Train Bond Fund, which is hereby created.

17 ~~SEC. 7.~~

18 *SEC. 8.* Section 2704.06 of the Streets and Highways Code,
19 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
20 amended to read:

21 2704.06. The net proceeds received from the sale of nine billion
22 dollars (\$9,000,000,000) principal amount of bonds authorized
23 pursuant to this chapter, upon appropriation by the Legislature in
24 the annual Budget Act or separate statute, shall be available, and
25 subject to those conditions and criteria that the Legislature may
26 provide by statute, for (A) planning the high-speed train system
27 and (B) capital costs set forth in subdivision (c) of Section 2704.04,
28 consistent with the authority's certified environmental impact
29 report of November 2005, as subsequently modified pursuant to
30 environmental studies conducted by the authority.

31 ~~SEC. 8.~~

32 *SEC. 9.* Section 2704.08 of the Streets and Highways Code,
33 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
34 amended to read:

35 2704.08. (a) Proceeds of bonds described in paragraph (1) of
36 subdivision (b) of Section 2704.04 shall not be used for more than
37 ~~one-half 50 percent~~ of the total cost of construction of track and
38 ~~station costs~~ of each corridor or usable segment thereof of the
39 high-speed train system, *except for bond proceeds used for the*
40 *purposes of subdivision (f).*

1 ~~(b) Not more than 10 percent of the proceeds of bonds described~~
2 ~~in paragraph (1) of subdivision (b) of Section 2704.04 shall be~~
3 ~~used for environmental studies, planning, and preliminary~~
4 ~~engineering activities.~~

5 (e)

6 (b) (1) No later than 90 days prior to the submittal to the
7 Legislature and the Governor of the initial request for appropriation
8 of proceeds of bonds authorized by this chapter for any eligible
9 capital costs on each corridor, or usable segment thereof, identified
10 in paragraph (1) of subdivision (b) of Section 2704.04, the authority
11 shall have approved and submitted to the Director of Finance, the
12 peer review group established pursuant to Section 185035 of the
13 Public Utilities Code, and the policy committees with jurisdiction
14 over transportation matters and the fiscal committees in both houses
15 of the Legislature, a detailed funding plan for that corridor or a
16 usable segment thereof.

17 (2) The plan shall include, identify, or certify to all of the
18 following:

19 (A) The corridor, or usable segment thereof, in which the
20 authority is proposing to invest bond proceeds.

21 (B) A description of the expected terms and conditions
22 associated with any lease agreement or franchise agreement
23 proposed to be entered into by the authority and any other party
24 for the construction or operation of passenger train service along
25 the corridor or usable segment thereof.

26 (C) The estimated full cost of constructing the corridor or usable
27 segment thereof, including an estimate of cost escalation during
28 construction and appropriate reserves for contingencies.

29 (D) The sources of all funds to be invested in the corridor, or
30 usable segment thereof, and the anticipated time of receipt of those
31 funds based on expected commitments, authorizations, agreements,
32 allocations, or other means.

33 (E) The projected ridership and operating revenue estimate
34 based on projected high-speed passenger train operations on the
35 corridor or usable segment.

36 (F) All known or foreseeable risks associated with the
37 construction and operation of high-speed passenger train service
38 along the corridor or usable segment thereof and the process and
39 actions the authority will undertake to manage those risks.

1 (G) Construction of the corridor or usable segment thereof can
2 be completed as proposed in the plan.

3 (H) The corridor or usable segment thereof would be suitable
4 and ready for high-speed train operation.

5 (I) One or more passenger service providers can begin using
6 the tracks or stations for passenger train service.

7 (J) The planned passenger service by the authority in the corridor
8 or usable segment thereof will not require a local, state, or federal
9 operating subsidy.

10 ~~(K)~~

11 (c) Prior to committing any proceeds of bonds described in
12 paragraph (1) of subdivision (b) of Section 2704.04 for expenditure
13 for construction and real property and equipment acquisition on
14 each corridor, or usable segment thereof, the authority shall have
15 approved and concurrently submitted to the Director of Finance
16 and the Chairperson of the Joint Legislative Budget Committee
17 the following: (1) a detailed funding plan for that corridor or usable
18 segment thereof that (A) identifies the corridor or usable segment
19 thereof, and the estimated full cost of constructing the corridor or
20 usable segment thereof, (B) identifies the sources of all funds to
21 be used and anticipates time of receipt thereof based on offered
22 commitments by private parties, and authorizations, allocations,
23 or other assurances received from governmental agencies, (C)
24 includes a projected ridership and operating revenue report, (D)
25 includes a construction cost projection including estimates of cost
26 escalation during construction and appropriate reserves for
27 contingencies, (E) includes a report describing any material changes
28 from the plan submitted pursuant to subdivision ~~(e)~~ (b) for this
29 corridor or usable segment thereof, and (F) describes the terms
30 and conditions associated with any agreement proposed to be
31 entered into by the authority and any other party for the
32 construction or operation of passenger train service along the
33 corridor or usable segment thereof; and (2) a report or reports,
34 prepared by one or more financial services firms, financial
35 consulting firms, or other consultants, independent of any parties,
36 other than the authority, involved in funding or constructing the
37 high-speed train system, indicating that (A) construction of the
38 corridor or usable segment thereof can be completed as proposed
39 in the plan submitted pursuant to paragraph (1), (B) if so
40 completed, the corridor or usable segment thereof would be suitable

1 and ready for high-speed train operation, (C) upon completion,
2 one or more passenger service providers can begin using the tracks
3 or stations for passenger train service, (D) the planned passenger
4 train service to be provided by the authority, or pursuant to its
5 authority, will not require operating subsidy, and (E) an assessment
6 of risk and the risk mitigation strategies proposed to be employed.
7 The Director of Finance shall review the plan within 60 days of
8 its submission by the authority and, after receiving any
9 communication from the Joint Legislative Budget Committee, if
10 the director finds that the plan is likely to be successfully
11 implemented as proposed, the authority may enter into
12 commitments to expend bond funds that are subject to this
13 subdivision and accept offered commitments from private parties.

14 ~~(e) Subject~~

15 *(d) Subsequent* to approval of the detailed funding plan required
16 under subdivision ~~(d)~~ *(c)*, the authority shall promptly inform the
17 Governor and the Legislature of any material changes in plans or
18 project conditions that would jeopardize completion of the corridor
19 as previously planned and shall identify means of remedying the
20 conditions to allow completion and operation of the corridor.

21 ~~(f)~~

22 *(e)* In selecting corridors or usable segments thereof for
23 construction, the authority shall give priority to those corridors or
24 usable segments thereof that are expected to require the least
25 amount of bond funds as a percentage of total cost of construction.
26 Among other criteria it may use for establishing priorities for
27 initiating construction on corridors or usable segments thereof, the
28 authority shall include the following: (1) projected ridership and
29 revenue, (2) the need to test and certify trains operating at speeds
30 of 220 miles per hour, and (3) the utility of those corridors or usable
31 segments thereof for passenger train services other than the
32 high-speed train service that will not result in any unreimbursed
33 operating or maintenance cost to the authority.

34 ~~(g)~~

35 *(f)* Nothing in this section shall limit use or expenditure of
36 proceeds of bonds described in paragraph (1) of subdivision (b)
37 of Section 2704.04 up to an amount equal to 10 percent of the
38 aggregate principal amount of bonds described in that paragraph
39 for environmental studies, planning, and preliminary engineering
40 activities.

1 ~~(h) Nothing in this section shall limit use or expenditure of~~
2 ~~proceeds of bonds described in paragraph (1) of subdivision (b)~~
3 ~~of Section 2704.04 up to an amount equal to 5 percent of the~~
4 ~~aggregate principal amount of bonds described in that paragraph~~
5 ~~for the following: (1) acquisition of interests in real property and~~
6 ~~activities, and for (1) acquisition of interests in real property and~~
7 ~~right-of-way and improvement thereof (A) for preservation for~~
8 ~~high-speed rail uses, (B) to add to third-party improvements to~~
9 ~~make them compatible with high-speed rail uses, or (C) to avoid~~
10 ~~or to mitigate incompatible improvements or uses; (2) mitigation~~
11 ~~of any direct or indirect environmental impacts resulting from the~~
12 ~~foregoing; and (3) relocation assistance for property owners and~~
13 ~~occupants who are displaced as a result of the foregoing.~~

14 (i)

15 (g) No failure to comply with this section shall affect the validity
16 of the bonds issued under this chapter.

17 ~~SEC. 9.~~

18 *SEC. 10.* Section 2704.09 of the Streets and Highways Code,
19 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
20 amended to read:

21 2704.09. The high-speed train system to be constructed
22 pursuant to this chapter shall be designed to achieve the following
23 characteristics:

24 (a) Electric trains that are capable of sustained maximum
25 revenue operating speeds of no less than 200 miles per hour.

26 (b) Maximum nonstop service travel times for each corridor
27 that shall not exceed the following:

28 (1) San Francisco-Los Angeles Union Station: two hours, 40
29 minutes.

30 (2) Oakland-Los Angeles Union Station: two hours, 40 minutes.

31 (3) San Francisco-San Jose: 30 minutes.

32 (4) San Jose-Los Angeles: two hours, 10 minutes.

33 (5) San Diego-Los Angeles: one hour, 20 minutes.

34 (6) Inland Empire-Los Angeles: 30 minutes.

35 (7) Sacramento-Los Angeles: two hours, 20 minutes.

36 (c) Achievable operating headway (time between successive
37 trains) shall be five minutes or less.

38 (d) The total number of stations to be served by high-speed
39 trains for all of the corridors described in subdivision (b) of Section

1 2704.04 shall not exceed 24. There shall be no station between the
 2 Gilroy station and the Merced station.

3 (e) Trains shall have the capability to transition intermediate
 4 stations, or to bypass those stations, at mainline operating speed.

5 (f) For each corridor described in subdivision (b), passengers
 6 shall have the capability of traveling from any station on that
 7 corridor to any other station on that corridor without being required
 8 to change trains.

9 (g) In order to reduce impacts on communities and the
 10 environment, the alignment for the high-speed train system shall
 11 follow existing transportation or utility corridors to the extent
 12 feasible and shall be financially viable, as determined by the
 13 authority.

14 (h) Stations shall be located in areas with good access to local
 15 mass transit or other modes of transportation.

16 (i) The high-speed train system shall be planned and constructed
 17 in a manner that minimizes urban sprawl and impacts on the natural
 18 environment.

19 (j) Preserving wildlife corridors and mitigating impacts to
 20 wildlife movement, where feasible as determined by the authority,
 21 in order to limit the extent to which the system may present an
 22 additional barrier to wildlife’s natural movement.

23 ~~SEC. 10.~~

24 *SEC. 11.* Section 2704.095 of the Streets and Highways Code,
 25 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
 26 amended to read:

27 2704.095. (a) (1) Net proceeds received from the sale of nine
 28 hundred fifty million dollars (\$950,000,000) principal amount of
 29 bonds authorized by this chapter shall be allocated to eligible
 30 recipients for capital improvements to intercity and commuter rail
 31 lines and urban rail systems that provide direct connectivity to the
 32 high-speed train system and its facilities, or that are part of the
 33 construction of the high-speed train system as that system is
 34 described in subdivision (b) of Section 2704.04, or that provide
 35 capacity enhancements and safety improvements. Funds under this
 36 section shall be available upon appropriation by the Legislature
 37 in the annual Budget Act or separate statute for the eligible
 38 purposes described in subdivision (d).

39 (2) Twenty percent (one hundred ninety million dollars
 40 (\$190,000,000)) of the amount authorized by this section shall be

1 allocated for intercity rail to the Department of Transportation, for
2 state-supported intercity rail lines that provide regularly scheduled
3 service and use public funds to operate and maintain rail facilities,
4 rights-of-way, and equipment. A minimum of 25 percent of the
5 amount available under this paragraph (forty-seven million five
6 hundred thousand dollars (\$47,500,000)) shall be allocated to each
7 of the state's three intercity rail corridors.

8 The California Transportation Commission shall allocate the
9 available funds to eligible recipients consistent with this section
10 and shall develop guidelines, in consultation with the authority,
11 to implement the requirements of this section. The guidelines shall
12 include provisions for the administration of funds, including, but
13 not limited to, the authority of the intercity corridor operators to
14 loan these funds by mutual agreement between intercity rail
15 corridors.

16 (3) Eighty percent (seven hundred sixty million dollars
17 (\$760,000,000)) of the amount authorized by this section shall be
18 allocated upon appropriation as set forth in this section to eligible
19 recipients, except intercity rail, as described in subdivision (c)
20 based upon a percentage amount calculated to incorporate all of
21 the following:

22 (A) One-third of the eligible recipient's percentage share of
23 statewide track miles.

24 (B) One-third of the eligible recipient's percentage share of
25 statewide annual vehicle miles.

26 (C) One-third of the eligible recipient's percentage share of
27 statewide annual passenger trips.

28 The California Transportation Commission shall allocate the
29 available funds to eligible recipients consistent with this section
30 and shall develop guidelines to implement the requirements of this
31 section.

32 (b) For the purposes of this section, the following terms have
33 the following meanings:

34 (1) "Track miles" means the miles of track used by a public
35 agency or joint powers authority for regular passenger rail service.

36 (2) "Vehicle miles" means the total miles traveled, commencing
37 with pullout from the maintenance depot, by all locomotives and
38 cars operated in a train consist for passenger rail service by a public
39 agency or joint powers authority.

1 (3) “Passenger trips” means the annual unlinked passenger
2 boardings reported by a public agency or joint powers authority
3 for regular passenger rail service.

4 (4) “Statewide” when used to modify the terms in subparagraphs
5 (A), (B), and (C) of paragraph (3) of subdivision (a) means the
6 combined total in the state of those amounts for all eligible
7 recipients.

8 (c) Eligible recipients for funding under paragraph (3) of
9 subdivision (a) shall be public agencies and joint powers authorities
10 that operate regularly scheduled passenger rail service in the
11 following categories:

12 (1) Commuter rail.

13 (2) Light rail.

14 (3) Heavy rail.

15 (4) Cable car.

16 (d) Funds allocated pursuant to this section shall be used to pay
17 or reimburse the costs of projects to provide or improve
18 connectivity with the high-speed train system or for the
19 rehabilitation or modernization of, or safety improvements to,
20 tracks utilized for public passenger rail service, signals, structures,
21 facilities, and rolling stock.

22 (e) Eligible recipients may use the funds for any eligible rail
23 element set forth in subdivision (d).

24 (f) In order to be eligible for funding under this section, an
25 eligible recipient under paragraph (3) of subdivision (a) shall
26 provide matching funds in an amount not less than the total amount
27 allocated to the recipient under this section.

28 (g) An eligible recipient of funding under paragraph (3) of
29 subdivision (a) shall certify that it has met its matching funds
30 requirement, and all other requirements of this section, by
31 resolution of its governing board, subject to verification by the
32 California Transportation Commission.

33 (h) Funds made available to an eligible recipient under paragraph
34 (3) of subdivision (a) shall supplement existing local, state, or
35 federal revenues being used for maintenance or rehabilitation of
36 the passenger rail system. Eligible recipients of funding under
37 paragraph (3) of subdivision (a) shall maintain their existing
38 commitment of local, state, or federal funds for these purposes in
39 order to remain eligible for allocation and expenditure of the
40 additional funding made available by this section.

1 (i) In order to receive any allocation under this section, an
2 eligible recipient under paragraph (3) of subdivision (a) shall
3 annually expend from existing local, state, or federal revenues
4 being used for the maintenance or rehabilitation of the passenger
5 rail system in an amount not less than the annual average of its
6 expenditures from local revenues for those purposes during the
7 1998–99, 1999–2000, and 2000–01 fiscal years.

8 (j) Funds allocated pursuant to this section to the Southern
9 California Regional Rail Authority for eligible projects within its
10 service area shall be apportioned each fiscal year in accordance
11 with memorandums of understanding to be executed between the
12 Southern California Regional Rail Authority and its member
13 agencies. The memorandum or memorandums of understanding
14 shall take into account the passenger service needs of the Southern
15 California Regional Rail Authority and of the member agencies,
16 revenue attributable to member agencies, and separate contributions
17 to the Southern California Regional Rail Authority from the
18 member agencies.

19 ~~SEC. 11.~~

20 *SEC. 12.* Section 2704.10 of the Streets and Highways Code,
21 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
22 amended to read:

23 2704.10. (a) Bonds in the total amount of nine billion nine
24 hundred fifty million dollars (\$9,950,000,000), exclusive of
25 refunding bonds issued in accordance with Section 2704.19, or so
26 much thereof as is necessary, may be issued and sold to provide
27 a fund to be used for carrying out the purposes expressed in this
28 chapter and to be used to reimburse the General Obligation Bond
29 Expense Revolving Fund pursuant to Section 16724.5 of the
30 Government Code. The bonds, when sold, shall be and constitute
31 a valid and binding obligation of the State of California, and the
32 full faith and credit of the State of California is hereby pledged
33 for the punctual payment of both principal of, and interest on, the
34 bonds as the principal and interest become due and payable.

35 (b) The Treasurer shall sell the bonds authorized by the
36 committee pursuant to this section. The bonds shall be sold upon
37 the terms and conditions specified in a resolution to be adopted
38 by the committee pursuant to Section 16731 of the Government
39 Code.

1 ~~SEC. 12.~~

2 *SEC. 13.* Section 2704.11 of the Streets and Highways Code,
3 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
4 amended to read:

5 2704.11. (a) Except as provided in subdivision (b), the bonds
6 authorized by this chapter shall be prepared, executed, issued, sold,
7 paid, and redeemed as provided in the State General Obligation
8 Bond Law, Chapter 4 (commencing with Section 16720) of Part
9 3 of Division 4 of Title 2 of the Government Code, and all of the
10 provisions of that law, other than the useful life requirements of
11 subdivision (a) of Section 16727 of the Government Code, apply
12 to the bonds and to this chapter and are hereby incorporated in this
13 chapter as though set forth in full in this chapter.

14 (b) Notwithstanding any provision of the State General
15 Obligation Bond Law, each issue of bonds authorized by the
16 committee shall have a final maturity of not more than 40 years
17 from the date of original issuance thereof.

18 ~~SEC. 13.~~

19 *SEC. 14.* Section 2704.12 of the Streets and Highways Code,
20 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
21 amended to read:

22 2704.12. (a) Solely for the purpose of authorizing the issuance
23 and sale of the bonds authorized by this chapter and the making
24 of those determinations and the taking of other actions as are
25 authorized by this chapter, pursuant to the State General Obligation
26 Bond Law, the High-Speed Passenger Train Finance Committee
27 is hereby created. For purposes of this chapter, the High-Speed
28 Passenger Train Finance Committee is “the committee” as that
29 term is used in the State General Obligation Bond Law. The
30 committee consists of the Treasurer, the Director of Finance, the
31 Controller, the Secretary of Business, Transportation and Housing,
32 and the chairperson of the authority. Notwithstanding any other
33 provision of law, any member of the committee may designate a
34 representative to act as that member in his or her place and stead
35 for all purposes, as though the member were personally present.
36 The Treasurer shall serve as chairperson of the committee. A
37 majority of the committee shall constitute a quorum of the
38 committee, and may act for the committee.

39 (b) For purposes of the State General Obligation Bond Law, the
40 authority is designated the “board.”

1 ~~SEC. 14.~~

2 *SEC. 15.* Section 2704.13 of the Streets and Highways Code,
3 as amended by Section 1 of Chapter 44 of the Statutes of 2006, is
4 amended to read:

5 2704.13. The committee shall determine whether or not it is
6 necessary or desirable to issue bonds authorized pursuant to this
7 chapter in order to carry out the actions specified in Sections
8 2704.06 and 2704.095 and, if so, the amount of bonds to be issued
9 and sold. Successive issues of bonds may be issued and sold to
10 carry out those actions progressively, and it is not necessary that
11 all of the bonds authorized be issued and sold at any one time. The
12 committee shall consider program funding needs, revenue
13 projections, financial market conditions, and other necessary factors
14 in determining the term for the bonds to be issued. In addition to
15 all other powers specifically granted in this chapter and the State
16 General Obligation Bond Law, the committee may do all things
17 necessary or convenient to carry out the powers and purposes of
18 this article, including the approval of any indenture relating to the
19 bonds, and the delegation of necessary duties to the chairperson
20 and to the Treasurer as agent for the sale of the bonds. Any terms
21 of any bonds issued under this chapter may be provided under an
22 indenture instead of under a resolution, as determined by the
23 committee.

24 ~~SEC. 15.~~

25 *SEC. 16.* Section 2704.15 of the Streets and Highways Code,
26 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
27 amended to read:

28 2704.15. Notwithstanding Section 13340 of the Government
29 Code, there is hereby appropriated from the General Fund in the
30 State Treasury, for the purposes of this chapter, an amount equal
31 to the total of the following: (a) that sum annually necessary to
32 pay the principal of, and interest on, bonds issued and sold pursuant
33 to this chapter, as the principal and interest become due and
34 payable, and (b) the sum necessary to carry out Section 2704.17,
35 appropriated without regard to fiscal years.

36 ~~SEC. 16.~~

37 *SEC. 17.* Section 2704.18 of the Streets and Highways Code,
38 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
39 amended to read:

1 2704.18. All money deposited in the fund which is derived
2 from premium on bonds sold shall be available to pay costs of
3 issuing the bonds, and to the extent not so needed, together with
4 accrued interest derived from sale of the bonds, shall be available
5 for transfer to the General Fund as a credit to expenditures for
6 bond interest.

7 ~~SEC. 17.~~

8 *SEC. 18.* Section 2704.21 of the Streets and Highways Code,
9 as added by Section 2 of Chapter 697 of the Statutes of 2002, is
10 amended to read:

11 2704.21. Notwithstanding any provision of this chapter or the
12 State General Obligation Bond Law, if the Treasurer sells bonds
13 pursuant to this chapter that include a bond counsel opinion to the
14 effect that the interest on the bonds is excluded from gross income
15 for federal tax purposes under designated conditions, the Treasurer
16 may maintain separate accounts for the bond proceeds invested
17 and the investment earnings on those proceeds, and may use or
18 direct the use of those proceeds or earnings to pay any rebate,
19 penalty, or other payment required under federal law, or take any
20 other action with respect to the investment and use of those bond
21 proceeds, as may be required or desirable under federal law in
22 order to maintain the tax-exempt status of those bonds and to obtain
23 any other advantage under federal law on behalf of the funds of
24 this state.

25 ~~SEC. 18.~~

26 *SEC. 19.* Section 3 of Chapter 697 of the Statutes of 2002, as
27 amended by Section 3 of Chapter 44 of the Statutes of 2006, is
28 amended to read:

29 *Sec. 3.* Section 2 of Chapter 697 of the Statutes of 2002, as
30 amended by Sections 2 and 3 of Chapter 71 of the Statutes of 2004,
31 as further amended by Sections 1 and 2 of Chapter 44 of the
32 Statutes of 2006, and as further amended by Sections 4 to 17 5 to
33 18, inclusive, of the act amending this section in the 2007–08
34 Regular Session, shall take effect upon the adoption by the voters
35 of the Safe, Reliable High-Speed Passenger Train Bond Act for
36 the 21st Century, as set forth in Section 2 of Chapter 697 of the
37 Statutes of 2002, as amended by Sections 2 and 3 of Chapter 71
38 of the Statutes of 2004, as further amended by Sections 1 and 2 of
39 Chapter 44 of the Statutes of 2006, and as further amended by

1 Sections ~~4 to 17~~ 5 to 18, inclusive, of the act amending this section
2 in the 2007–08 Regular Session.

3 ~~SEC. 19.~~

4 *SEC. 20.* Section 4 of Chapter 697 of the Statutes of 2002, as
5 amended by Section 4 of Chapter 44 of the Statutes of 2006, is
6 amended to read:

7 Sec. 4. (a) Section 2 of Chapter 697 of the Statutes of 2002,
8 as amended by Sections 2 and 3 of Chapter 71 of the Statutes of
9 2004, as further amended by Sections 1 and 2 of Chapter 44 of the
10 Statutes of 2006, and as further amended by Sections ~~4 to 17~~ 5 to
11 18, inclusive, of the act amending this section in the 2007–08
12 Regular Session, shall be submitted by the Secretary of State to
13 the voters at the November 4, 2008, general election,
14 notwithstanding the requirements of Sections 9040, 9043, 9044,
15 and 9061 of the Elections Code or any other provision of law.

16 (b) Notwithstanding Sections 13115 and 13117 of the Elections
17 Code, the bond measure described in subdivision (a) shall be placed
18 as the first ballot measure on the November 4, 2008, statewide
19 general election ballot and shall be designated Proposition 1.

20 (c) Notwithstanding any other provision of law, all ballots of
21 the November 4, 2008, general election shall have printed thereon
22 as the ballot label for Proposition 1 the following:

23 “SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN
24 BOND ACT FOR THE 21ST CENTURY. To provide Californians
25 a safe, convenient, affordable, and reliable alternative to driving
26 and high gas prices; to provide good-paying jobs and improve
27 California’s economy while reducing air pollution, global warming
28 greenhouse gases, and our dependence on foreign oil, shall \$9.95
29 billion in bonds be issued to establish a clean, efficient high-speed
30 train service linking Southern California, the Sacramento/San
31 Joaquin Valley, and the San Francisco Bay Area, with at least 90
32 percent of bond funds spent for specific projects, with federal and
33 private matching funds required, and all bond funds subject to
34 annual independent audits?”

35 At the appropriate location on the ballot, in the manner prescribed
36 by law, there shall be provided the opportunity for voters to indicate
37 whether they vote for or against the measure.

38 (d) Notwithstanding Sections 13247 and 13281 of the Elections
39 Code, the language in subdivision (c) shall be the only language
40 included in the ballot label for the condensed statement of the

1 ballot title, and the Attorney General shall not prepare a ballot
2 label for Proposition 1. The Secretary of State shall include the
3 financial impact summary prepared pursuant to Section 9087 of
4 the Elections Code and Section 88003 of the Government Code.
5 The ballot label is the condensed statement of the ballot title and
6 summary and the financial impact summary.

7 (e) Where the voting in the election is done by means of voting
8 machines used pursuant to law in the manner that carries out the
9 intent of this section, the use of the voting machines and the
10 expression of the voters' choice by means thereof are in compliance
11 with this section.

12 (f) (1) Notwithstanding any other provision of law, the Secretary
13 of State shall use the following as the ballot title and summary for
14 Proposition 1:

15 “SAFE, RELIABLE HIGH-SPEED PASSENGER TRAIN
16 BOND ACT FOR THE 21ST CENTURY.

17 Provides long-distance commuters with a safe, convenient,
18 affordable, and reliable alternative to driving and high gas prices.

19 Reduces traffic congestion on the state's highways and at the
20 state's airports.

21 Reduces California's dependence on foreign oil.

22 Reduces air pollution and global warming greenhouse gases.

23 Establishes a clean, efficient 220 MPH transportation system.

24 Improves existing passenger rail lines serving the state's major
25 population centers.

26 Provides for California's growing population.

27 Provides for a bond issue of \$9.95 billion to establish high-speed
28 train service linking Southern California counties, the
29 Sacramento/San Joaquin Valley, and the San Francisco Bay Area.

30 Provides that at least 90% of these bond funds shall be spent for
31 specific construction projects, with federal and private sector
32 matching funds required.

33 Requires that use of all bond funds is subject to annual
34 independent audits.

35 Appropriates money from the General Fund to pay bond principal
36 and interest.”

37 (2) The Secretary of State shall include at the end of the title
38 and summary the financial impact summary prepared pursuant to
39 Section 9087 of the Elections Code and Section 88003 of the
40 Government Code.

1 (3) Notwithstanding any other provision of law, the Attorney
2 General shall not provide a ballot title and summary for Proposition
3 1, nor shall the Attorney General perform any other duty described
4 under Article 5 (commencing with Section 9050) of Chapter 1 of
5 Division 9 of the Elections Code for Proposition 1.

6 (g) The Secretary of State shall include, in the ballot pamphlets
7 mailed pursuant to Section 9094 of the Elections Code, the
8 information specified in Section 9084 of the Elections Code
9 regarding the bond act described in subdivision (a). If that inclusion
10 is not possible, the Secretary of State shall publish a supplemental
11 ballot pamphlet regarding the bond act described in subdivision
12 (a), to be mailed with the ballot pamphlet. If the supplemental
13 ballot pamphlet cannot be mailed with the ballot pamphlet, the
14 supplemental ballot pamphlet shall be mailed separately.

15 (h) Notwithstanding Section 9054 of the Elections Code or any
16 other provision of law, the translations of the ballot title and the
17 condensed statement of the ballot title required pursuant to Section
18 9054 may be made available for public examination at a later date
19 than the start of the public examination period for the ballot
20 pamphlet, provided that the translations of the ballot title and the
21 condensed statement of the ballot title must remain available for
22 public examination for 20 days.

23 ~~SEC. 20.~~

24 *SEC. 21.* This act is an urgency statute necessary for the
25 immediate preservation of the public peace, health, or safety within
26 the meaning of Article IV of the Constitution and shall go into
27 immediate effect. The facts constituting the necessity are:

28 In order to modify the provisions of a general obligation bond
29 measure on the November 4, 2008, general election ballot that
30 would authorize the issuance and sale of bonds for the financing
31 of a high-speed passenger train system and for other related
32 purposes, it is necessary that this act take effect immediately.