

AMENDED IN SENATE MARCH 24, 2015

**SENATE BILL**

**No. 9**

---

---

**Introduced by Senator Beall**

December 1, 2014

---

---

An act to amend Sections 75220, 75221, and 75222 of, and to add Sections 75223, 75224, and 75225 to, the Public Resources Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 9, as amended, Beall. Greenhouse Gas Reduction Fund: Transit and Intercity Rail Capital Program.

Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions; to be deposited in the Greenhouse Gas Reduction Fund.

Existing law provides various sources of funding for transportation programs, including capital and operating funds for rail services, including intercity, commuter, and urban rail systems, including the Transit and Intercity Rail Capital Program which receives 10% of the annual proceeds of the Greenhouse Gas Reduction Fund as a continuous appropriation. Existing law provides that the purpose of the program is to fund capital improvements and operational investments to modernize California's rail systems to achieve certain policy objectives, including the reduction of greenhouse gas emissions and the expansion and integration of rail services. Existing law requires the Transportation Agency to administer the program, with grants to be awarded by the California Transportation Commission.

This bill would modify the purpose of the program to delete references to operational investments and instead provide for the funding of large, transformative capital improvements with a total cost exceeding \$100,000,000. The bill would require the Transportation Agency, in prioritizing and selecting projects for funding, to consider the extent to which a project reduces greenhouse gas emissions, and would add additional factors to be considered in evaluating applications for funding. The bill would require the Transportation Agency to develop, by July 1, 2016, an initial 5-year estimate of revenues reasonably expected to be available for the program, with subsequent estimates to be made every other year for additional 5-year periods, and would require the agency to adopt 5-year programs of projects consistent with those estimates. The bill would ~~require~~ *authorize* the agency to make a multiyear funding commitment for a project proposed to be funded over more than one fiscal year, and would authorize the California Transportation Commission to approve a letter of no prejudice that *would* allow an applicant to expend its own funds on a project in the adopted program of projects, subject to future reimbursement from program funds for eligible expenditures.

Vote: majority. 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 75220 of the Public Resources Code is  
 2 amended to read:  
 3 75220. (a) The Transit and Intercity Rail Capital Program is  
 4 hereby created to fund large, transformative capital improvements  
 5 with a total cost exceeding one hundred million dollars  
 6 ~~(\$1,000,000)~~ *(\$100,000,000)* that will reduce greenhouse gas  
 7 emissions and modernize California’s intercity, commuter, and  
 8 urban rail systems to achieve all of the following policy objectives:  
 9 (1) Reduce greenhouse gas emissions.  
 10 (2) Expand and improve rail service to increase ridership.  
 11 (3) Integrate the rail service of the state’s various rail operators,  
 12 including integration with the high-speed rail system.  
 13 (4) Improve rail safety.  
 14 (b) The Transportation Agency shall evaluate applications for  
 15 funding under the program consistent with the criteria set forth in

1 this chapter and prepare a list of projects recommended for funding.  
2 The list may be revised at any time.

3 (c) The California Transportation Commission shall award  
4 grants to applicants pursuant to the list prepared by the  
5 Transportation Agency.

6 SEC. 2. Section 75221 of the Public Resources Code is  
7 amended to read:

8 75221. (a) Projects eligible for funding under the program  
9 include, but are not limited to, all of the following:

10 (1) Rail capital projects, including acquisition of rail cars and  
11 locomotives, that expand, enhance, and improve existing rail  
12 systems and connectivity to existing and future rail systems,  
13 including the high-speed rail system.

14 (2) Intercity and commuter rail projects that increase service  
15 levels, improve reliability, and decrease travel times.

16 (3) Rail integration implementation, including integrated  
17 ticketing and scheduling systems, shared-use corridors, related  
18 planning efforts, and other service integration initiatives.

19 (4) Bus rapid transit and other bus transit investments to increase  
20 ridership and reduce greenhouse gas emissions.

21 (b) In order to be eligible for funding under the program, a  
22 project shall demonstrate that it will achieve a reduction in  
23 greenhouse gas emissions. In prioritizing and recommending  
24 projects for funding, the Transportation Agency shall consider the  
25 extent to which a project reduces greenhouse gas emissions.

26 (c) The program shall have a programmatic goal of providing  
27 at least 25 percent of available funding to projects benefiting  
28 disadvantaged communities, consistent with the objectives of  
29 Chapter 830 of the Statutes of 2012.

30 (d) In evaluating grant applications for funding, the  
31 Transportation Agency shall consider all of the following:

32 (1) The cobenefits of projects that support implementation of  
33 sustainable communities strategies through one or more of the  
34 following:

35 (A) Reducing auto vehicles miles traveled and the number of  
36 auto trips through growth in rail ridership.

37 (B) Promoting housing development in the vicinity of rail  
38 stations.

39 (C) Expanding existing rail and public transit systems.

- 1 (D) Enhancing the connectivity, integration, and coordination
- 2 of the state’s various regional and local transit systems.
- 3 (E) Providing a direct connection to the high-speed rail system.
- 4 (F) Implementing clean vehicle technology.
- 5 (G) Promoting active transportation.
- 6 (H) Improving public health.
- 7 (2) The project priorities developed through the collaboration
- 8 of two or more rail operators and any memoranda of understanding
- 9 between state agencies and local or regional rail operators.
- 10 (3) Geographic equity.
- 11 (4) Consistency with adopted sustainable communities strategies.
- 12 (5) The extent to which a project has supplemental funding
- 13 committed to it from other nonstate sources.
- 14 (6) The extent to which the project will increase ridership.
- 15 (e) Eligible applicants under the program shall be public
- 16 agencies, including joint powers agencies, that operate existing or
- 17 planned regularly scheduled intercity or commuter passenger rail
- 18 service or urban rail transit service. An eligible applicant may
- 19 partner with transit operators that do not operate rail service on
- 20 projects to integrate ticketing and scheduling with bus or ferry
- 21 service.
- 22 (f) A recipient of funds under the program may combine funding
- 23 from the program with other funding, including, but not limited
- 24 to, the State Transportation Improvement Program, the Low Carbon
- 25 Transit Operations Program, the State Air Resources Board clean
- 26 vehicle program, and state transportation bond funds.
- 27 SEC. 3. Section 75222 of the Public Resources Code is
- 28 amended to read:
- 29 75222. (a) Applications for grants under the program shall be
- 30 submitted to the Transportation Agency for evaluation in
- 31 accordance with procedures and program guidelines adopted by
- 32 the agency. An eligible applicant may submit an application to the
- 33 agency to fund a project over multiple fiscal years. The agency
- 34 may make multiyear funding commitments for projects that are
- 35 proposed to be funded from the program over a period of more
- 36 than one fiscal year.
- 37 (b) The application shall define the project purpose, intended
- 38 scope, proposed cost, intended funding sources, and schedule for
- 39 project completion.

1 (c) The application shall specify the phases of work for which  
2 an eligible applicant is seeking an allocation of funds from the  
3 program, as appropriate:

- 4 (1) Studies, environmental review, and permits.
- 5 (2) Preparation of project plans and specifications.
- 6 (3) Right-of-way acquisition.
- 7 (4) Construction or procurement.

8 (d) The application shall identify the sources and timing of all  
9 funds required to undertake and complete any phase of a project  
10 for which an eligible applicant is seeking an allocation of funds  
11 from the program. The application shall also describe intended  
12 sources and timing of funds to complete any subsequent phases  
13 of the project, through construction or procurement.

14 SEC. 4. Section 75223 is added to the Public Resources Code,  
15 to read:

16 75223. (a) The Transportation Agency shall conduct at least  
17 two public workshops on draft program guidelines containing  
18 selection criteria prior to adoption and shall post the draft  
19 guidelines on the agency's Internet Web site at least 30 days prior  
20 to the first public workshop. Concurrent with the posting, the  
21 agency shall transmit the draft guidelines to the fiscal committees  
22 and the appropriate policy committees of the Legislature.

23 (b) Chapter 3.5 (commencing with Section 11340) of Part 1 of  
24 Division 3 of Title 2 of the Government Code does not apply to  
25 the development and adoption of procedures and program  
26 guidelines for the program pursuant to this section.

27 SEC. 5. Section 75224 is added to the Public Resources Code,  
28 to read:

29 75224. (a) No later than July 1, 2016, the Transportation  
30 Agency shall develop an initial five-year estimate of revenues, in  
31 annual increments, reasonably expected to be available to the  
32 program from the Greenhouse Gas Reduction Fund, and adopt an  
33 initial program of projects, which shall cover a period of five fiscal  
34 years.

35 (b) The Transportation Agency shall adopt each subsequent  
36 program of projects not later than April 1 of each even-numbered  
37 year based on a five-year estimate of revenues, in annual  
38 increments. Each subsequent program shall cover a period of five  
39 fiscal years, beginning July 1 of the year of adoption, and shall be

1 a statement of intent by the Transportation Agency for the  
2 allocation and expenditure of funds during those five fiscal years.

3 (c) The Transportation Agency ~~shall~~ *may* enter into and execute  
4 a multiyear funding agreement with an eligible applicant for a  
5 project that is proposed to be funded from the program over a  
6 period of more than one fiscal year. The agreement shall include  
7 a proposed schedule of the amount of funds expected to be  
8 provided based on the year funds are anticipated to be available,  
9 and may be for a period that extends beyond the five fiscal years  
10 covered by the program of projects.

11 SEC. 6. Section 75225 is added to the Public Resources Code,  
12 to read:

13 75225. (a) A lead applicant agency may apply to the  
14 commission for a letter of no prejudice for a project or for any  
15 component of a project included in the five-year program of  
16 projects adopted by the Transportation Agency. If approved by  
17 the commission, the letter of no prejudice shall allow the lead  
18 applicant agency to expend its own funds for the project or any  
19 component of the project and to be eligible for future  
20 reimbursement from funds available for the program from the  
21 Greenhouse Gas Reduction Fund.

22 (b) The amount expended under subdivision (a) shall be  
23 reimbursed by the state from funds available for the program from  
24 the Greenhouse Gas Reduction Fund if all of the following  
25 conditions are met:

26 (1) The project or project component for which the letter of no  
27 prejudice was requested has commenced, and the regional or local  
28 expenditures have been incurred.

29 (2) The expenditures made by the lead applicant agency are  
30 eligible for reimbursement in accordance with applicable laws and  
31 procedures. In the event expenditures made by the lead applicant  
32 agency are determined to be ineligible, the state has no obligation  
33 to reimburse those expenditures.

34 (3) The lead applicant agency complies with all legal  
35 requirements for the project, including the requirements of the  
36 California Environmental Quality Act (Division 13 (commencing  
37 with Section 21000)).

38 (4) There are funds in the Greenhouse Gas Reduction Fund  
39 designated for the program that are sufficient to make the  
40 reimbursement payment.

1 (c) The lead applicant agency and the commission shall enter  
2 into an agreement governing reimbursement as described in this  
3 section. The timing and final amount of reimbursement is  
4 dependent on the terms of the agreement and the availability of  
5 funds in the Greenhouse Gas Reduction Fund for the program.

6 (d) The commission, in consultation with intercity, commuter,  
7 urban rail, and other public transit entities, may develop guidelines  
8 to implement this section.

O