

AMENDED IN SENATE APRIL 15, 2015
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~~ *emissions*, the expansion and integration of rail ~~services~~ *services to increase ridership, and to improve rail safety*. Existing law requires the Transportation Agency to ~~administer the program~~ *evaluate applications for funding*

under the program and to prepare a list of projects recommended for funding, 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.~~ *that will modernize California's intercity, commuter, and urban rail systems and bus transit systems to achieve certain policy objectives, including reducing emissions of greenhouse gases, the expansion of transit services to increase ridership, and to improve transit safety. The bill would instead require that the Transportation Agency adopt a multiyear program of projects for funding, and require the California Transportation Commission to allocate funding to applicants pursuant to the program of projects. The bill would require that 90% of available funds be programmed and allocated to projects with a total cost of \$100,000,000 or more, and 10% to projects with a total cost of less than \$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.~~ *funding, and would expand certain factors considered to include bus transit service.* The bill would require the Transportation Agency to develop, by July 1, 2016, ~~an initial a~~ 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 authorize the ~~agency~~ *Transportation Agency, in cooperation with the California Transportation Commission,* 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 ~~(\$100,000,000) that will reduce greenhouse gas emissions and~~
7 ~~modernize California's intercity, commuter, and urban rail systems~~
8 ~~and bus transit systems~~ to achieve all of the following policy
9 objectives:

10 (1) ~~Reduce greenhouse gas emissions.~~ *emissions of greenhouse*
11 *gases.*

12 (2) Expand and improve ~~rail transit~~ service to increase ridership.

13 (3) Integrate the rail service of the state's various rail operators,
14 including integration with the high-speed rail system.

15 (4) Improve ~~rail transit~~ safety.

16 (b) The Transportation Agency shall evaluate applications ~~for~~
17 ~~funding under the program~~ consistent with the criteria set forth in
18 this chapter and ~~prepare a list of projects recommended for funding.~~
19 ~~The list~~ *adopt a multiyear program of projects for funding pursuant*
20 *to Section 75224, that may be revised at any time.*

21 (c) The California Transportation Commission shall ~~award~~
22 ~~grants~~ *allocate funding* to applicants pursuant to the ~~list prepared~~
23 *program of projects adopted* by the Transportation Agency.

24 (d) *Ninety percent of available funds shall be programmed and*
25 *allocated to projects with a total cost of one hundred million*
26 *dollars (\$100,000,000) or more, and 10 percent to projects with*
27 *a total cost of less than one hundred million dollars*
28 *(\$100,000,000).*

29 SEC. 2. Section 75221 of the Public Resources Code is
30 amended to read:

31 75221. (a) Projects eligible for funding under the program
32 include, but are not limited to, all of the following:

33 (1) Rail capital projects, including acquisition of rail cars and
34 locomotives, that expand, enhance, and improve existing rail
35 systems and connectivity to existing and future ~~rail transit~~ systems,
36 including the high-speed rail system.

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

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

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

6 (b) In order to be eligible for funding under the program, a
7 project shall demonstrate that it will achieve a reduction in
8 ~~greenhouse gas emissions. In prioritizing and recommending~~
9 *emissions of greenhouse gases. In selecting* projects for funding,
10 the Transportation Agency shall consider the extent to which a
11 project reduces *emissions of greenhouse-gas emissions. gases.*

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

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

18 (1) The cobenefits of projects that support implementation of
19 sustainable communities strategies through one or more of the
20 following:

21 (A) Reducing auto vehicles miles traveled and the number of
22 auto trips through growth in ~~rail~~ *transit* ridership.

23 (B) Promoting housing development in the vicinity of rail
24 stations.

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

26 (D) Enhancing the connectivity, integration, and coordination
27 of the state's various regional and local transit systems.

28 (E) Providing a direct connection to the high-speed rail system.

29 (F) Implementing clean vehicle technology.

30 (G) Promoting active transportation.

31 (H) Improving public health.

32 (2) The project priorities developed through the collaboration
33 of two or more rail operators and any memoranda of understanding
34 between state agencies and local or regional rail operators.

35 (3) Geographic equity.

36 (4) Consistency with *an* adopted sustainable communities
37 ~~strategies. strategy~~ *or, if a sustainable strategy is not required for*
38 *a region by law, a regional plan that includes policies and*
39 *programs to reduce emissions of greenhouse gases.*

1 (5) The extent to which a project has supplemental funding
2 committed to it from other nonstate sources.

3 (6) The extent to which the project will increase *transit* ridership.

4 (e) Eligible applicants under the program shall be public
5 agencies, including joint powers agencies, that operate existing or
6 planned regularly scheduled intercity or commuter passenger rail
7 ~~service or service~~, urban rail transit *service*, or *bus transit* service.
8 An eligible applicant may partner with transit operators that do
9 not operate rail service on projects to integrate ticketing and
10 scheduling with bus or ferry service.

11 (f) A recipient of funds under the program may combine funding
12 from the program with other *state* funding, including, but not
13 limited to, the State Transportation Improvement Program, the
14 Low Carbon Transit Operations Program, the State Air Resources
15 Board clean vehicle program, and state transportation bond funds.

16 SEC. 3. Section 75222 of the Public Resources Code is
17 amended to read:

18 75222. (a) Applications for grants under the program shall be
19 submitted to the Transportation Agency for evaluation in
20 accordance with procedures and program guidelines adopted by
21 the agency. An eligible applicant may submit an application to the
22 agency to fund a project over multiple fiscal years. The agency
23 may make multiyear funding commitments for projects that are
24 proposed to be funded from the program over a period of more
25 than one fiscal year.

26 (b) The application shall define the project purpose, intended
27 scope, proposed cost, intended funding sources, and schedule for
28 project completion.

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

- 32 (1) Studies, environmental review, and permits.
- 33 (2) Preparation of project plans and specifications.
- 34 (3) Right-of-way acquisition.
- 35 (4) Construction or procurement.

36 (d) The application shall identify the sources and timing of all
37 funds required to undertake and complete any phase of a project
38 for which an eligible applicant is seeking an allocation of funds
39 from the program. The application shall also describe intended

1 sources and timing of funds to complete any subsequent phases
2 of the project, through construction or procurement.

3 (e) *The application shall include information describing the*
4 *funding sources and approach to ensuring ongoing operating and*
5 *maintenance costs of the project are funded through the useful life*
6 *of the project, as applicable.*

7 SEC. 4. Section 75223 is added to the Public Resources Code,
8 to read:

9 75223. (a) The Transportation Agency shall conduct at least
10 two public workshops on draft program guidelines containing
11 selection criteria prior to adoption and shall post the draft
12 guidelines on the agency’s Internet Web site at least 30 days prior
13 to the first public workshop. Concurrent with the posting, the
14 agency shall transmit the draft guidelines to the fiscal committees
15 and the appropriate policy committees of the Legislature.

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

20 SEC. 5. Section 75224 is added to the Public Resources Code,
21 to read:

22 75224. (a) No later than July 1, 2016, the Transportation
23 Agency shall develop ~~an initial~~ a five-year estimate of revenues,
24 in annual increments, reasonably expected to be available to the
25 program from the Greenhouse Gas Reduction Fund, and adopt ~~an~~
26 ~~initial~~ a program of projects, which shall cover a period of five
27 ~~fiscal years.~~ *years, beginning with fiscal year 2016–17.*

28 (b) The Transportation Agency shall adopt each subsequent
29 program of projects not later than April 1 of each even-numbered
30 year based on a five-year estimate of revenues, in annual
31 increments. Each subsequent program shall cover a period of five
32 fiscal years, beginning July 1 of the year of adoption, and shall be
33 a statement of intent by the Transportation Agency for the
34 allocation and expenditure of funds during those five fiscal years.

35 (c) ~~The~~ *In cooperation with the commission, the* Transportation
36 Agency may enter into and execute a multiyear funding agreement
37 with an eligible applicant for a project that is proposed to be funded
38 from the program over a period of more than one fiscal year. The
39 agreement shall include a proposed schedule of the amount of
40 funds expected to be provided ~~based on the year funds are~~

1 ~~anticipated to be available~~; to the eligible applicant for each fiscal
2 year of the agreement and may be for a period that extends beyond
3 the five fiscal years covered by the program of projects.

4 SEC. 6. Section 75225 is added to the Public Resources Code,
5 to read:

6 75225. (a) A lead applicant agency may apply to the
7 commission for a letter of no prejudice for a project or for any
8 component of a project included in the five-year program of
9 projects adopted by the Transportation Agency. If approved by
10 the commission, the letter of no prejudice shall allow the lead
11 applicant agency to expend its own funds for the project or any
12 component of the project and to be eligible for future
13 reimbursement from funds available for the program from the
14 Greenhouse Gas Reduction Fund.

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

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

22 (2) The expenditures made by the lead applicant agency are
23 eligible for reimbursement in accordance with applicable laws and
24 procedures. In the event expenditures made by the lead applicant
25 agency are determined to be ineligible, the state has no obligation
26 to reimburse those expenditures.

27 (3) The lead applicant agency complies with all legal
28 requirements for the project, including the requirements of the
29 California Environmental Quality Act (Division 13 (commencing
30 with Section 21000)).

31 (4) There are funds in the Greenhouse Gas Reduction Fund
32 designated for the program that are sufficient to make the
33 reimbursement payment.

34 (c) The lead applicant agency and the commission shall enter
35 into an agreement governing reimbursement as described in this
36 section. The timing and final amount of reimbursement is
37 dependent on the terms of the agreement and the availability of
38 funds in the Greenhouse Gas Reduction Fund for the program.

- 1 (d) The commission, in consultation with intercity, commuter,
- 2 urban rail, and other public transit entities, may develop guidelines
- 3 to implement this section.

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