

AMENDED IN SENATE JUNE 2, 2015
AMENDED IN SENATE MAY 5, 2015
AMENDED IN SENATE APRIL 15, 2015
AMENDED IN SENATE MARCH 24, 2015

SENATE BILL

No. 9

Introduced by Senator Beall
(Coauthor: Senator Allen)

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, and making an appropriation therefor.

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~~ *reducing* greenhouse gas emissions, ~~the expansion and integration of~~ *expanding and improving* rail services to increase ridership, and ~~to improve~~ *improving* rail safety. Existing law requires the Transportation Agency to 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 that will modernize California's intercity, commuter, and urban rail systems and bus and ferry transit systems to achieve certain policy objectives, including reducing emissions of greenhouse gases, ~~the expansion of~~ *expanding and improving* transit services to increase ridership, and ~~to improve~~ *improving* transit safety. By expanding the purposes for which continuously appropriated funds may be used, the bill would make an appropriation. The bill would require the Transportation Agency to 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%~~ *70%* of available funds be programmed and allocated to projects with a total cost of \$100,000,000 or more, and ~~10%~~ *30%* to projects with a total cost of less than \$100,000,000. The bill would require the Transportation Agency, in selecting projects for funding, to consider the extent to which a project reduces greenhouse gas emissions, would add additional factors to be considered in evaluating applications for funding, and would expand certain factors considered to include bus and ferry transit service. The bill would require the Transportation Agency to develop, by July 1, 2016, 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 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: yes. 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 that will modernize California’s intercity, commuter, and urban
6 rail systems and bus and ferry transit systems to achieve all of the
7 following policy objectives:

- 8 (1) Reduce emissions of greenhouse gases.
- 9 (2) Expand and improve transit service to increase ridership.
- 10 (3) Integrate the rail service of the state’s various rail operators,
11 including integration with the high-speed rail system.
- 12 (4) Improve transit safety.

13 (b) The Transportation Agency shall evaluate applications
14 consistent with the criteria set forth in this chapter and adopt a
15 multiyear program of projects for funding pursuant to Section
16 75224, that may be revised at any time.

17 (c) The California Transportation Commission shall allocate
18 funding to applicants pursuant to the program of projects adopted
19 by the Transportation Agency.

20 (d) ~~Ninety~~ *Seventy* percent of available funds shall be
21 programmed and allocated to projects with a total cost of one
22 hundred million dollars (\$100,000,000) or more, and ~~10~~ *30* percent
23 *shall be programmed and allocated* to projects with a total cost of
24 less than one hundred million dollars (\$100,000,000).

25 SEC. 2. Section 75221 of the Public Resources Code is
26 amended to read:

27 75221. (a) Projects eligible for funding under the program
28 include, but are not limited to, all of the following:

- 29 (1) Rail capital projects, including acquisition of rail cars and
30 locomotives, that expand, enhance, and improve existing rail
31 systems and connectivity to existing and future transit systems,
32 including the high-speed rail system.
- 33 (2) Intercity and commuter rail projects that increase service
34 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 and ferry transit investments
5 to increase 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 emissions of greenhouse gases. In selecting projects for funding,
9 the Transportation Agency shall consider the extent to which a
10 project reduces emissions of greenhouse gases.

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

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

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

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

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

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

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

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

28 (F) Implementing clean vehicle technology.

29 (G) Promoting active transportation.

30 (H) Improving public health.

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

34 (3) Geographic equity.

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

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

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

2 (e) Eligible applicants under the program shall be public
3 agencies, including joint powers agencies, that operate existing or
4 planned regularly scheduled intercity or commuter passenger rail
5 service, urban rail transit service, or bus or ferry transit service.

6 (f) A recipient of funds under the program may combine funding
7 from the program with other state funding, including, but not
8 limited to, the State Transportation Improvement Program, the
9 Low Carbon Transit Operations Program, the State Air Resources
10 Board clean vehicle program, and state transportation bond funds.

11 SEC. 3. Section 75222 of the Public Resources Code is
12 amended to read:

13 75222. (a) Applications for grants under the program shall be
14 submitted to the Transportation Agency for evaluation in
15 accordance with procedures and program guidelines adopted by
16 the agency. An eligible applicant may submit an application to the
17 agency to fund a project over multiple fiscal years. The agency
18 may make multiyear funding commitments for projects that are
19 proposed to be funded from the program over a period of more
20 than one fiscal year.

21 (b) The application shall define the project purpose, intended
22 scope, proposed cost, intended funding sources, and schedule for
23 project completion.

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

27 (1) Studies, environmental review, and permits.

28 (2) Preparation of project plans and specifications.

29 (3) Right-of-way acquisition.

30 (4) Construction or procurement.

31 (d) The application shall identify the sources and timing of all
32 funds required to undertake and complete any phase of a project
33 for which an eligible applicant is seeking an allocation of funds
34 from the program. The application shall also describe intended
35 sources and timing of funds to complete any subsequent phases
36 of the project, through construction or procurement.

37 (e) The application shall include information describing the
38 funding sources and approach to ensuring ongoing operating and
39 maintenance costs of the project are funded through the useful life
40 of the project, as applicable.

1 SEC. 4. Section 75223 is added to the Public Resources Code,
2 to read:

3 75223. (a) The Transportation Agency shall conduct at least
4 two public workshops on draft program guidelines containing
5 selection criteria prior to adoption and shall post the draft
6 guidelines on the agency’s Internet Web site at least 30 days prior
7 to the first public workshop. Concurrent with the posting, the
8 agency shall transmit the draft guidelines to the fiscal committees
9 and the appropriate policy committees of the Legislature.

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

14 SEC. 5. Section 75224 is added to the Public Resources Code,
15 to read:

16 75224. (a) No later than July 1, 2016, the Transportation
17 Agency shall develop a five-year estimate of revenues, in annual
18 increments, reasonably expected to be available to the program
19 from the Greenhouse Gas Reduction Fund, and adopt a program
20 of projects, which shall cover a period of five fiscal years,
21 beginning with fiscal year 2016–17.

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

29 (c) In cooperation with the commission, the Transportation
30 Agency may enter into and execute a multiyear funding agreement
31 with an eligible applicant for a project that is proposed to be funded
32 from the program over a period of more than one fiscal year. The
33 agreement shall include a proposed schedule of the amount of
34 funds expected to be provided to the eligible applicant for each
35 fiscal year of the agreement and may be for a period that extends
36 beyond the five fiscal years covered by the program of projects.

37 SEC. 6. Section 75225 is added to the Public Resources Code,
38 to read:

39 75225. (a) A lead applicant agency may apply to the
40 commission for a letter of no prejudice for a project or for any

1 component of a project included in the five-year program of
2 projects adopted by the Transportation Agency. If approved by
3 the commission, the letter of no prejudice shall allow the lead
4 applicant agency to expend its own funds for the project or any
5 component of the project and to be eligible for future
6 reimbursement from funds available for the program from the
7 Greenhouse Gas Reduction Fund.

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

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

15 (2) The expenditures made by the lead applicant agency are
16 eligible for reimbursement in accordance with applicable laws and
17 procedures. ~~In the event~~ *If* expenditures made by the lead applicant
18 agency are determined to be ineligible, the state has no obligation
19 to reimburse those expenditures.

20 (3) The lead applicant agency complies with all legal
21 requirements for the project, including the requirements of the
22 California Environmental Quality Act (Division 13 (commencing
23 with Section 21000)).

24 (4) There are funds in the Greenhouse Gas Reduction Fund
25 designated for the program that are sufficient to make the
26 reimbursement payment.

27 (c) The lead applicant agency and the commission shall enter
28 into an agreement governing reimbursement as described in this
29 section. The timing and final amount of reimbursement is
30 dependent on the terms of the agreement and the availability of
31 funds in the Greenhouse Gas Reduction Fund for the program.

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