

AMENDED IN SENATE APRIL 17, 1995

SENATE BILL

No. 457

Introduced by Senator Kelley

February 16, 1995

An act to amend ~~Section 14031.6~~ *Sections 14031.8, 14031.9, and 14035* of the Government Code, to ~~amend Section 99317 of the Public Utilities Code, and to amend Sections 164.55 and 188 of the Streets and Highways Code,~~ relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 457, as amended, Kelley. Transportation: *intercity and commuter rail services* funding: California Transportation Commission.

(1) Under existing law, an intercity rail service receiving specified state funding is eligible to continue to receive those funds only if it maintains a ratio of fare revenues to avoidable costs of at least 55%. In order to receive state funding, a commuter rail service is required to maintain a ratio of fare revenues to avoidable costs of at least 40%. The California Transportation Commission, at the request of the Department of Transportation, may waive those requirements for up to 3 years.

This bill would prohibit an intercity or commuter rail service from receiving any state operating subsidy if it failed to achieve the prescribed fare revenue ratios by its 3rd year of operation plus any additional years, not to exceed 3, for which a waiver was granted. The bill would require any waiver granted by the commission to be annually reviewed

and reconsidered by the commission, and would require the commission to conduct a public hearing on a request for a waiver.

(2) Existing law authorizes the department to enter into contracts with the National Railroad Passenger Corporation (Amtrak) to provide commuter and intercity passenger rail services.

This bill would authorize the department to also enter into those contracts with other rail operators.

~~Under existing law, the California Transportation Commission is required every 2 years to adopt a 7-year state transportation improvement program for the programming of funds from the State Highway Account in the State Transportation Fund. Within each 4-year period beginning July 1, 1988, the funds, with the exception of those for specified programs, are required to be programmed in accordance with the so-called county minimums and north-south split formulas.~~

~~This bill would recast the above provisions to include specified net revenues from the Passenger Rail Transportation Bond Law, would require the funds to be allocated and expended, rather than programmed, and would establish 5-year periods, rather than 4-year periods. The bill would make related changes, including a change in provisions that may be amended only by a 2/3 vote of the Legislature.~~

Vote: $\frac{2}{3}$ 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 14031.6 of the Government~~
- 2 ~~SECTION 1. Section 14031.8 of the Government~~
- 3 ~~Code is amended to read:~~
- 4 ~~14031.8. (a) Any proposed new intercity service~~
- 5 ~~funded under Section 14031.6 shall continue to be eligible~~
- 6 ~~for those funds, commencing with its fourth year of~~
- 7 ~~operation, only if it maintains a ratio of fare revenues to~~
- 8 ~~avoidable costs of at least 55 percent by its third year of~~
- 9 ~~operation.~~



1 (b) Any existing intercity service funded under
2 Section 14031.6 shall be eligible for those funds,
3 commencing with the 1984–85 fiscal year, if it maintains
4 a ratio of fare revenues to avoidable costs of at least 55
5 percent during the previous year of operation.

6 (c) For any new or existing intercity service not
7 achieving the ratio of fare revenues to avoidable costs
8 required by subdivision (a) or (b), the commission may
9 grant a waiver for continuation of service, for not to
10 exceed a maximum of three years, ~~only~~ if the department
11 makes a request for such a waiver at least six months prior
12 to the termination date *and the commission conducts a*
13 *public hearing on the request*. Any request for a waiver
14 shall be accompanied with an analysis of the service in
15 question defining a specific program designed to improve
16 the service's fare revenues to avoidable costs ratio. *A*
17 *waiver granted pursuant to this subdivision shall be*
18 *annually reviewed and reconsidered by the commission*.

19 (d) *An intercity service shall be ineligible for any state*
20 *operating subsidy if it fails to achieve the fare revenue*
21 *ratio prescribed by subdivision (a) by its third year of*
22 *operation plus any additional years, not to exceed three,*
23 *for which a waiver was granted pursuant to subdivision*
24 *(c)*.

25 *SEC. 2. Section 14031.9 of the Government Code is*
26 *amended to read:*

27 14031.9. (a) Any proposed new commuter service
28 funded under Section 14031.6 shall continue to be eligible
29 for those funds, commencing with its fourth year of
30 operation, only if it maintains a ratio of fare revenues to
31 avoidable costs of at least 40 percent by its third year of
32 operation.

33 (b) Any existing commuter service funded under
34 Section 14031.6 shall be eligible for those funds,
35 commencing with the 1984–85 fiscal year, only if it
36 maintains a ratio of fare revenues to operating costs of at
37 least 40 percent during the previous year of operation.

38 (c) For any new or existing commuter service not
39 achieving the ratio of fare revenues to avoidable costs or
40 operating costs required by subdivision (a) or (b), the



1 commission may grant a waiver for continuation of
2 service, for not to exceed three years, ~~only~~ if the
3 department makes a request for such a waiver at least six
4 months prior to the termination date *and the commission*
5 *conducts a public hearing on the request*. Any request for
6 a waiver shall be accompanied with an analysis of the
7 service in question defining a specific program designed
8 to improve the service's fare revenues to avoidable costs
9 or operating costs ratio. *A waiver granted pursuant to this*
10 *subdivision shall be annually reviewed and reconsidered*
11 *by the department*.

12 (d) *A commuter rail service shall be ineligible for any*
13 *state operating subsidy if it fails to achieve the fare*
14 *revenue ratio prescribed by subdivision (a) by its third*
15 *year of operation plus any additional years, not to exceed*
16 *three, for which a waiver was granted pursuant to*
17 *subdivision (c)*.

18 SEC. 3. *Section 14035 of the Government Code is*
19 *amended to read:*

20 14035. (a) The department may enter into contracts
21 with the National Railroad Passenger Corporation under
22 Section 403(b) of the Rail Passenger Service Act of 1970
23 (45 U.S.C. Sec. 563(b)) *and other rail operators* to provide
24 commuter and intercity passenger rail services. The
25 contracts may include, but are not limited to, the
26 extension of intercity passenger rail services or the
27 upgrading of commuter rail services.

28 (b) The department may contract with railroad
29 corporations *and other rail operators* for the use of tracks
30 and other facilities and the provision of passenger services
31 on terms and conditions as the parties may agree.

32 (c) The department is the only public agency eligible
33 to receive funds pursuant to Section 1614 of Title 49 of the
34 United States Code.

35 (d) The department may construct, acquire, or lease,
36 and improve and operate, rail passenger terminals and
37 related facilities which provide intermodal passenger
38 services along the following corridors: the San Diego-Los
39 Angeles-Santa Barbara corridor, the San Francisco-San
40 Jose-Monterey corridor, the Los Angeles-Riverside-San



1 Bernardino-Calexico corridor, the San
2 Jose-Oakland-Sacramento-Reno corridor, the Los
3 Angeles-Bakersfield-Fresno-Stockton-Sacramento-
4 Oakland corridor, and the Los Angeles-Santa
5 Barbara-Oakland-Sacramento-Redding corridor.

6 (e) The department may enter into a contract with
7 the National Railroad Passenger Corporation to provide
8 additional trains over the San Joaquin route running
9 between Bakersfield and Oakland and to extend the
10 existing route to Sacramento.

11 *SEC. 4. The Legislature finds and declares that*
12 *intercity and commuter rail service is a vital element of*
13 *the state transportation network. The Legislature further*
14 *declares that the state should give reasonable*
15 *consideration to funding passenger rail service in the*
16 *allocation of transportation resources, and it is the*
17 *Legislature's intent that the allocation of these resources*
18 *be determined on the basis of efficiency, performance,*
19 *and geographical equity.*

20 ~~Code is amended to read:~~

21 ~~14031.6. (a) The Governor shall include in the~~
22 ~~Budget Bill an appropriation from the Transportation~~
23 ~~Planning and Development Account in the State~~
24 ~~Transportation Fund or from other appropriate sources~~
25 ~~to subsidize the operating costs of commuter and~~
26 ~~intercity passenger services pursuant to Section 14035~~
27 ~~and an appropriation for capital outlay improvements to,~~
28 ~~and rolling stock for, intercity routes pursuant to Section~~
29 ~~14038.~~

30 ~~(b) The department shall request funding for capital~~
31 ~~improvements to commuter routes to which it provides~~
32 ~~subsidies through the transit capital improvement~~
33 ~~process established by Section 99317 of the Public Utilities~~
34 ~~Code.~~

35 ~~(c) The department shall request funding for capital~~
36 ~~improvements and rolling stock for intercity rail~~
37 ~~passenger routes pursuant to Sections 14035 and 14038~~
38 ~~through the transit capital improvement process~~
39 ~~established by the Public Utilities Code. All funding for~~
40 ~~purposes described in this subdivision shall be~~



1 ~~programmed and allocated in accordance with Section~~
2 ~~188 of the Streets and Highways Code.~~

3 ~~(d) This section does not apply to funds made available~~
4 ~~from general obligation bonds issued for purposes of~~
5 ~~Section 164.55 of the Streets and Highways Code.~~

6 ~~SEC. 2. Section 99317 of the Public Utilities Code is~~
7 ~~amended to read:~~

8 ~~99317. (a) Funds made available pursuant to~~
9 ~~subdivision (b) of Section 99315 shall be appropriated to~~
10 ~~the department for allocation, as directed by the~~
11 ~~commission, to fund the following types of transit capital~~
12 ~~improvement projects:~~

13 ~~(1) Railroad rights-of-way acquisition.~~

14 ~~(2) Bus rehabilitation.~~

15 ~~(3) Exclusive public mass transit guideways and~~
16 ~~rolling stock.~~

17 ~~(4) Grade separations.~~

18 ~~(5) Intermodal transfer stations serving various~~
19 ~~transportation modes.~~

20 ~~(6) Ferry vessels and terminals.~~

21 ~~(b) Funds made available for capital outlay pursuant~~
22 ~~to subdivision (a) of Section 14031.6 of the Government~~
23 ~~Code and subdivision (a) of Section 99315 shall be~~
24 ~~appropriated to the department, as directed by the~~
25 ~~commission, solely for capital outlay improvements and~~
26 ~~rolling stock on intercity rail passenger routes. All~~
27 ~~funding described in this subdivision shall be~~
28 ~~programmed and allocated in a manner consistent with~~
29 ~~Section 188 of the Streets and Highways Code.~~

30 ~~(c) Funds made available pursuant to Sections 199 and~~
31 ~~199.1 of the Streets and Highways Code shall be~~
32 ~~appropriated to the department for allocation, as~~
33 ~~directed by the commission, solely to fund exclusive~~
34 ~~public mass transit guideways.~~

35 ~~(d) The amount of funds allocated for a transit capital~~
36 ~~improvement project, other than an intercity rail transit~~
37 ~~capital improvement project where matching funds are~~
38 ~~not required, shall not exceed 50 percent of the amount~~
39 ~~of the nonfederal share of project cost.~~



1 ~~(e) With respect to the sum of money available each~~
2 ~~fiscal year from the State Highway Account and the~~
3 ~~Transportation Planning and Development Account for~~
4 ~~transit capital improvements, the commission shall~~
5 ~~include, in the state transportation improvement~~
6 ~~program, one half of the sum for expenditure in those~~
7 ~~counties which have adopted a proposition pursuant to~~
8 ~~Section 4 of Article XIX of the California Constitution.~~
9 ~~The portion of the amount to be included in the state~~
10 ~~transportation improvement program for each of those~~
11 ~~counties shall be in the proportion that its population~~
12 ~~bears to the total population of all those counties.~~
13 ~~Allocations pursuant to this subdivision shall be subject to~~
14 ~~the requirements for guideway financial plans and the~~
15 ~~ability of an agency to encumber funds on a timely basis,~~
16 ~~as specified in Sections 199.1, 199.2 and 199.3 of the Streets~~
17 ~~and Highways Code.~~

18 ~~(f) The Legislature may amend this section, by statute~~
19 ~~passed in each house of the Legislature by rollcall vote~~
20 ~~entered in the journal, two-thirds of the membership~~
21 ~~concurring, if the statute is consistent with, and furthers~~
22 ~~the purposes of, this section.~~

23 ~~SEC. 3. Section 164.55 of the Streets and Highways~~
24 ~~Code is amended to read:~~

25 ~~164.55. (a) The department, in cooperation with~~
26 ~~local transportation officials, shall develop guidelines to~~
27 ~~implement the intercity rail program. The guidelines~~
28 ~~shall define the criteria to identify and prioritize projects~~
29 ~~which can be implemented not later than June 30, 2001,~~
30 ~~and will provide an efficient system of intercity rail~~
31 ~~services in the state.~~

32 ~~(b) Allocations for intercity rail projects are not~~
33 ~~required by this section to be matched by local entities.~~

34 ~~(c) The commission shall give high priority and an~~
35 ~~appropriate level of funding, consistent with Section 188,~~
36 ~~to the development and enhancement of an efficient and~~
37 ~~effective intercity passenger rail system in the state.~~

38 ~~(d) "Intercity rail" has the same meaning as the term~~
39 ~~"intercity rail passenger service" as defined in the Rail~~
40 ~~Passenger Service Act (45 U.S.C. Sec. 502(11)).~~



1 ~~(e) Intercity rail projects eligible for funding include~~
2 ~~the following corridors:~~

- 3 ~~(1) Los Angeles-San Diego.~~
- 4 ~~(2) Santa Barbara-Los Angeles.~~
- 5 ~~(3) Los Angeles-Fresno-San Francisco Bay area and~~
6 ~~Sacramento.~~
- 7 ~~(4) San Francisco Bay area-Sacramento-Auburn.~~
- 8 ~~(5) San Francisco-Santa Rosa-Eureka.~~
- 9 ~~(6) Santa Barbara-San Luis Obispo County-San Jose.~~
- 10 ~~(7) Los Angeles-Fullerton-Riverside-Coachella~~
11 ~~Valley-Calexico.~~

12 ~~(f) The department shall submit the guidelines to the~~
13 ~~commission not later than July 1, 1990, and the~~
14 ~~commission shall adopt the guidelines not later than~~
15 ~~September 1, 1990.~~

16 ~~(g) Any intercity rail corridor that was included~~
17 ~~among the corridors enumerated in subdivision (e)~~
18 ~~subsequent to the enactment of this section by Chapter~~
19 ~~106 of the Statutes of 1989 is eligible to compete for~~
20 ~~funding, and funds that had been programmed or~~
21 ~~allocated prior to the inclusion of the additional eligible~~
22 ~~corridors need not be programmed or reallocated.~~

23 ~~SEC. 4. Section 188 of the Streets and Highways Code~~
24 ~~is amended to read:~~

25 ~~188. (a) Subject to this article and Section 825, all~~
26 ~~money allocated by the commission from the State~~
27 ~~Highway Account, and the net revenues from the~~
28 ~~Passenger Rail Transportation Bond Fund for streets,~~
29 ~~highways, guideways, and rail, but not including~~
30 ~~allocations or expenditures for projects for maintenance,~~
31 ~~traffic system management, and the state-local~~
32 ~~transportation partnership program, that are expended~~
33 ~~for construction, including the acquisition of~~
34 ~~rights-of-way, reconstruction, and construction~~
35 ~~engineering, shall be allocated and expended as follows:~~
36 ~~during the period commencing on July 1, 1989, and~~
37 ~~ending on June 30, 1993, and the period commencing on~~
38 ~~July 1, 1993, and ending on June 30, 1998, and for each~~
39 ~~five-year period thereafter, 40 percent in County Group~~
40 ~~No. 1 and 60 percent in County Group No. 2. Not more~~



1 ~~than one-half of 1 percent of the money allocated to the~~
2 ~~state highways in a particular group may be used as state~~
3 ~~aid to joint highway districts within that group in~~
4 ~~accordance with the laws pertaining to the financing of~~
5 ~~highways within joint highway districts.~~

6 ~~(b) This section shall be known and may be cited as the~~
7 ~~Barnes-Mills-Walsh formula.~~

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