

AMENDED IN ASSEMBLY JULY 18, 1995

AMENDED IN ASSEMBLY JUNE 30, 1995

AMENDED IN SENATE APRIL 17, 1995

SENATE BILL

No. 457

Introduced by Senator Kelley

February 16, 1995

An act to amend Sections 14031.8, 14031.9, and 14035 of the Government Code, relating to transportation, and making an appropriation therefor.

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 years, 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.

The bill would require the department to transfer to the Southern California Regional Rail Authority, through an interagency agreement, all responsibility for administering a specified intercity rail service between the cities of San Diego and Santa Barbara. The bill would require the agreement to contain specified provisions and to be executed on or before July 1, 1996.

The bill would provide a process whereby the authority and the North San Diego County Transit Development Board would submit to the commission, not later than September 1 of each year, a business plan relating to the intercity rail service, the department and the commission would review the business plan and would make suggestions for improvement, and the authority and the board would submit the final plan to the Governor and the Legislature on or before November 1 of each year. The bill would require the authority and the board to submit the initial business plan pursuant to that process on April 1, 1996.

The bill would, on July 1, 1996, appropriate \$18,000,000 from the Transportation Planning and Development Account in the State Transportation Fund to the authority for the planning, administration, and operation of intercity rail passenger services in southern California pursuant to the business plan specified above, *and would specify the allocation of the amounts appropriated.*

(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.

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. (a) The Legislature finds and declares
2 all of the following:

3 (1) Intercity and commuter rail services are vital
4 elements of the state transportation network.

5 (2) The state should give reasonable consideration to
6 funding passenger rail service in the allocation of
7 transportation resources.

8 (b) It is therefore the intent of the Legislature that the
9 allocation of transportation resources be determined on
10 the basis of efficiency, performance, and geographical
11 equity.

12 SEC. 2. The Legislature further finds and declares all
13 of the following:

14 (a) The LOSSAN Intercity Rail Passenger Corridor
15 between the Cities of Santa Barbara, Los Angeles, and San
16 Diego is one of the most heavily traveled rail passenger
17 corridors in the United States.

18 (b) The LOSSAN corridor is a model of
19 intergovernmental cooperation, whereby federal, state,
20 and local funding have been put together in a cooperative
21 southern California-San Diego program to create a real
22 benefit to the traveling public.

23 (c) The Southern California Regional Rail Authority is
24 an existing joint powers authority made up of the County
25 Transportation Commissions of the counties of Los
26 Angeles, Orange, Riverside, San Bernardino, and
27 Ventura, set up to operate the 350 mile regional
28 commuter rail network known as METROLINK.

29 (d) The Southern California Regional Rail Authority
30 controls most of the rail rights-of-way in southern
31 California, dispatching all passenger and freight trains in
32 the region, and is responsible for coordinating the
33 marketing of rail passenger service.

34 (e) The North San Diego County Transit
35 Development Board has recently initiated commuter rail
36 service linking Southern California Regional Rail
37 Authority services from Los Angeles to North San Diego



1 County Transit Development Board services from San
2 Diego at the City of Oceanside.

3 (f) As a result of all of the above, the Southern
4 California Regional Rail Authority and the North San
5 Diego County Transit Development Board now operate
6 services throughout the whole of southern California and
7 are already equipped to plan, administer, and operate the
8 state's intercity rail program in a more cost effective,
9 locally oriented manner than would otherwise be the
10 case.

11 SEC. 3. Section 14031.8 of the Government Code is
12 amended to read:

13 14031.8. (a) Any proposed new intercity service
14 funded under Section 14031.6 shall continue to be eligible
15 for those funds, commencing with its fourth year of
16 operation, only if it maintains a ratio of fare revenues to
17 avoidable costs of at least 55 percent by its third year of
18 operation.

19 (b) Any existing intercity service funded under
20 Section 14031.6 shall be eligible for those funds, if it
21 maintains a ratio of fare revenues to avoidable costs of at
22 least 55 percent during the previous year of operation.

23 (c) For any new or existing intercity service not
24 achieving the ratio of fare revenues to avoidable costs
25 required by subdivision (a) or (b), the commission may
26 grant a waiver for continuation of service, for not to
27 exceed a maximum of three years, if the department
28 makes a request for the a waiver at least six months prior
29 to the termination date and the commission conducts a
30 public hearing on the request. Any request for a waiver
31 shall be accompanied with an analysis of the service in
32 question defining a specific program designed to improve
33 the service's fare revenues to avoidable costs ratio. A
34 waiver granted pursuant to this subdivision shall be
35 annually reviewed and reconsidered by the commission.

36 (d) An intercity service shall be ineligible for any state
37 operating subsidy if it fails to achieve the fare revenue
38 ratio prescribed by subdivision (a) by its third year of
39 operation plus any additional years, not to exceed three



1 years, for which a waiver was granted pursuant to
2 subdivision (c).

3 SEC. 4. Section 14031.9 of the Government Code is
4 amended to read:

5 14031.9. (a) Any proposed new commuter service
6 funded under Section 14031.6 shall continue to be eligible
7 for those funds, commencing with its fourth year of
8 operation, only if it maintains a ratio of fare revenues to
9 avoidable costs of at least 40 percent by its third year of
10 operation.

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

16 (c) For any new or existing commuter service not
17 achieving the ratio of fare revenues to avoidable costs or
18 operating costs required by subdivision (a) or (b), the
19 commission may grant a waiver for continuation of
20 service, for not to exceed three years, if the department
21 makes a request for such a waiver at least six months prior
22 to the termination date and the commission conducts a
23 public hearing on the request. Any request for a waiver
24 shall be accompanied with an analysis of the service in
25 question defining a specific program designed to improve
26 the service's fare revenues to avoidable costs or operating
27 costs ratio. A waiver granted pursuant to this subdivision
28 shall be annually reviewed and reconsidered by the
29 department.

30 (d) A commuter rail service shall be ineligible for any
31 state operating subsidy if it fails to achieve the fare
32 revenue ratio prescribed by subdivision (a) by its third
33 year of operation plus any additional years, not to exceed
34 three years, for which a waiver was granted pursuant to
35 subdivision (c).

36 SEC. 5. Section 14035 of the Government Code is
37 amended to read:

38 14035. (a) The department may enter into contracts
39 with the National Railroad Passenger Corporation under
40 Section 403(b) of the Rail Passenger Service Act of 1970



1 (45 U.S.C. Sec. 563(b)) and other rail operators to provide
2 commuter and intercity passenger rail services. The
3 contracts may include, but are not limited to, the
4 extension of intercity passenger rail services or the
5 upgrading of commuter rail services.

6 (b) The department may contract with railroad
7 corporations and other rail operators for the use of tracks
8 and other facilities and the provision of passenger services
9 on terms and conditions as the parties may agree.

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

13 (d) The department may construct, acquire, or lease,
14 and improve and operate, rail passenger terminals and
15 related facilities which provide intermodal passenger
16 services along the following corridors: the San Diego-Los
17 Angeles-Santa Barbara-*San Luis Obispo* corridor, the San
18 Francisco-San Jose-Monterey corridor, the Los
19 Angeles-Riverside-San Bernardino-Calexico corridor, the
20 San Jose-Oakland-Sacramento-Reno corridor, the Los
21 Angeles-Bakersfield-Fresno-Stockton-Sacramento-
22 Oakland corridor, and the Los Angeles-Santa
23 Barbara-Oakland-Sacramento-Redding corridor.

24 (e) The department may enter into a contract with
25 the National Railroad Passenger Corporation to provide
26 additional trains over the San Joaquin route running
27 between Bakersfield and Oakland and to extend the
28 existing route to Sacramento.

29 (f) Through an interagency agreement, the
30 department shall transfer to the Southern California
31 Regional Rail Authority, and the authority shall assume,
32 all responsibility for administering the intercity rail
33 service know as the LOSSAN service between the Cities
34 of San Diego and Santa Barbara, and any other previously
35 authorized intercity rail transportation corridors in
36 southern California. Upon the effective date of the
37 agreement, the authority shall succeed to the
38 department's powers and duties relative to that service,
39 except that the department shall continue to be
40 responsible for coordinating this intercity corridor with



1 other intercity services in the state. The agreement shall
2 ensure that the level of funding for the LOSSAN service
3 is consistent with the funding levels of other intercity
4 passenger rail services in the state and the annual
5 appropriations process described in subdivision (i). The
6 interagency agreement shall be entered into on or before
7 July 1, 1996.

8 (g) The authority shall be responsible for negotiating
9 and administering a contract with the National Railroad
10 Passenger Corporation or with any other party that may
11 be authorized under federal law to operate the service,
12 or the authority may operate the service itself. The
13 authority may either administer the contract itself or
14 select, on a competitive basis, a qualified operator to
15 administer the contract.

16 (h) The authority is deemed an agency of the state for
17 all purposes related to rail passenger services, including
18 Section 1614 of Title 49 of the United States Code.

19 (i) The state funding allocation in subdivision (a) shall
20 be based on an annual business plan prepared and
21 adopted jointly by the authority and the North San Diego
22 County Transit Development Board that reports the
23 results of the marketing, financial, patronage, operating
24 and capital programs of the previous year, including
25 progress on improving the total ridership, fare box to
26 operating cost ~~ratio~~ *ratio*, and local financial support for
27 the services. The business plan shall also recommend
28 goals for the coming year for improved operating,
29 financial passenger ridership performance and the
30 specific actions planned to meet those goals for the
31 coming year for improved operating, financial and
32 passenger ridership performance and the specific actions
33 planned to meet those goals. The business plan shall be
34 submitted by the authority and the board to the
35 commission not later than September 1 of each year. The
36 commission and department shall review the business
37 plan and make suggestions for improvement based on a
38 consultative process with the authority and the board.
39 The authority and the board may then consider ~~adapting~~
40 *adopting* those changes, but shall submit a final business



1 plan to the Governor and the Legislature on or before
2 November 1 of each year. The commission shall submit its
3 final review of the business plan to the Governor and the
4 Legislature on or before November 15 of each year. The
5 business plan shall then form the basis for the fund
6 allocation to the authority in the State Budget in 1997 and
7 subsequent years. The initial business plan shall be
8 submitted pursuant to this process on April 1, 1996, and
9 shall form the basis for the 1996–97 appropriation
10 allocated in Section 6 of the act that amended this section
11 during the first year of 1995–96 Regular Session.

12 SEC. 6. (a) There is hereby appropriated, on July 1,
13 1996, eighteen million dollars (\$18,000,000) from the
14 Transportation Planning and Development Account in
15 the State Transportation Fund to the Southern California
16 Regional Rail Authority for the planning, administration,
17 and operation of intercity rail passenger services in
18 southern California pursuant to the business plan adopted
19 pursuant to Section 14035 of the Government Code.

20 (b) *Of the total amount appropriated by subdivision*
21 *(a), the expenditure of 20 percent of the amount shall be*
22 *discretionary with the authority; however, emphasis shall*
23 *be on the implementation of new services. Of the*
24 *remaining 80 percent, proportionate amounts shall be*
25 *allocated to each southern California corridor, based on*
26 *the corridor's proportion of existing total passenger miles.*

