

AMENDED IN ASSEMBLY AUGUST 21, 1995

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, *and to amend Section 164.55 of the Streets and Highways 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 also require the department and the authority to enter into an agreement, to be effective April 1, 1996, to transfer from the department to the authority funds necessary to operate intercity rail services in service in southern California. The transfer of the funds would constitute an appropriation. The bill would prescribe a formula for the expenditure of those funds.*

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.

(3) Existing law establishes a state transportation funding plan for the expenditure, during the 10-year period from July 1, 1990, to June 30, 2000, of new revenues resulting from the enactment of transportation revenue measures in 1989. That plan calls for the expenditure of \$3,000,000,000 for intercity rail, commuter rail, and urban rail transit, and specifies the eligible corridors within each category.

This bill would include the Los Angeles-San Bernardino-Las Vegas, Nevada rail corridor among the eligible intercity rail corridors.

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



1 southern California-San Diego program to create a real
2 benefit to the traveling public.

3 (c) The Southern California Regional Rail Authority is
4 an existing joint powers authority *formed pursuant to*
5 *Section 130255 of the Public Utilities Code* made up of the
6 County Transportation Commissions of the Counties of
7 Los Angeles, Orange, Riverside, San Bernardino, and
8 Ventura, set up to operate the *more than* 350 mile
9 regional commuter rail network known as METROLINK.

10 (d) The Southern California Regional Rail Authority
11 controls most of the rail rights-of-way in southern
12 California, dispatching all passenger and freight trains in
13 the region, and is responsible for coordinating the
14 marketing of rail passenger service.

15 (e) The North San Diego County Transit
16 Development Board has recently initiated commuter rail
17 service linking Southern California Regional Rail
18 Authority services from Los Angeles to North San Diego
19 County Transit Development Board services from San
20 Diego at the City of Oceanside.

21 (f) As a result of all of the above, the Southern
22 California Regional Rail Authority and the North San
23 Diego County Transit Development Board now operate
24 services throughout the whole of southern California and
25 are already equipped to plan, ~~administer, and operate~~
26 *and administer* the ~~state's~~ *southern California* intercity
27 rail program in a more cost-effective, locally oriented
28 manner than would otherwise be the case.

29 SEC. 3. Section 14031.8 of the Government Code is
30 amended to read:

31 14031.8. (a) Any proposed new intercity service
32 funded under Section 14031.6 shall continue to be eligible
33 for those funds, commencing with its fourth year of
34 operation, only if it maintains a ratio of fare revenues to
35 avoidable costs of at least 55 percent by its third year of
36 operation.

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



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

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

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

22 14031.9. (a) Any proposed new commuter service
23 funded under Section 14031.6 shall continue to be eligible
24 for those funds, commencing with its fourth year of
25 operation, only if it maintains a ratio of fare revenues to
26 avoidable costs of at least 40 percent by its third year of
27 operation.

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

33 (c) For any new or existing commuter service not
34 achieving the ratio of fare revenues to avoidable costs or
35 operating costs required by subdivision (a) or (b), the
36 commission may grant a waiver for continuation of
37 service, for not to exceed three years, if the department
38 makes a request for such a waiver at least six months prior
39 to the termination date and the commission conducts a
40 public hearing on the request. Any request for a waiver

1 shall be accompanied with an analysis of the service in
2 question defining a specific program designed to improve
3 the service's fare revenues to avoidable costs or operating
4 costs ratio. A waiver granted pursuant to this subdivision
5 shall be annually reviewed and reconsidered by the
6 department.

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

13 SEC. 5. Section 14035 of the Government Code is
14 amended to read:

15 14035. (a) The department may enter into contracts
16 with the National Railroad Passenger Corporation under
17 Section 403(b) of the Rail Passenger Service Act of 1970
18 (45 U.S.C. Sec. 563(b)) and other rail operators to provide
19 commuter and intercity passenger rail services. The
20 contracts may include, but are not limited to, the
21 extension of intercity passenger rail services or the
22 upgrading of commuter rail services.

23 (b) The department may contract with railroad
24 corporations and other rail operators for the use of tracks
25 and other facilities and the provision of passenger services
26 on terms and conditions as the parties may agree.

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

30 (d) The department may construct, acquire, or lease,
31 and improve and operate, rail passenger terminals and
32 related facilities which provide intermodal passenger
33 services along the following corridors: the San Diego-Los
34 Angeles-Santa Barbara-San Luis Obispo corridor, the San
35 Francisco-San Jose-Monterey corridor, the Los
36 Angeles-Riverside-San Bernardino-Calexico corridor, the
37 San Jose-Oakland-Sacramento-Reno corridor, the Los
38 Angeles-Bakersfield-Fresno-Stockton-Sacramento-
39 Oakland corridor, and the Los Angeles-Santa
40 Barbara-Oakland-Sacramento-Redding corridor.



1 (e) The department may enter into a contract with
2 the National Railroad Passenger Corporation to provide
3 additional trains over the San Joaquin route running
4 between Bakersfield and Oakland and to extend the
5 existing route to Sacramento.

6 (f) Through an interagency agreement, the
7 department shall transfer to the Southern California
8 Regional Rail Authority, and the authority shall assume,
9 all responsibility for administering the intercity rail
10 ~~service know as the LOSSAN service between the Cities~~
11 ~~of San Diego and Santa Barbara, and any other previously~~
12 ~~authorized intercity rail transportation corridors in~~
13 ~~southern California services within the Los Angeles-San~~
14 ~~Diego, Santa Barbara-Los Angeles, the Santa~~
15 ~~Barbara-City of San Luis Obispo portion of the Santa~~
16 ~~Barbara-San Luis Obispo County-San Jose corridor, and~~
17 ~~Los Angeles-Fullerton-Riverside-Coachella~~
18 ~~Valley-Calexico rail corridors.~~ Upon the effective date of
19 the agreement, the authority shall succeed to the
20 department's powers and duties relative to that service,
21 except that the department shall continue to be
22 responsible for coordinating this intercity corridor with
23 other intercity services in the state. The agreement shall
24 ensure that the level of funding for the LOSSAN service
25 is consistent with the funding levels of other intercity
26 passenger rail services in the state and the annual
27 appropriations process described in subdivision (i). *The*
28 *agreement shall describe auditing responsibilities and*
29 *process requirements, equipment lease terms,*
30 *contracting review process, and coordination of services*
31 *with other corridors.* The interagency agreement shall be
32 entered into on or before ~~July~~ *April* 1, 1996.

33 (g) The authority shall be responsible for negotiating
34 and administering a contract with the National Railroad
35 Passenger Corporation or with any other party that may
36 be authorized under federal law to operate the service;
37 ~~or the authority may operate the service itself.~~ The
38 authority may either administer the contract itself or
39 select, on a competitive basis, a qualified operator to
40 administer the contract.



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

4 (i) *The authority shall be expanded, on or before*
5 *January 1, 1996, to include on its policy board*
6 *representation from all counties involved in intercity rail*
7 *services in southern California for intercity rail issues*
8 *including the approval of an annual business plan.*

9 (j) The state funding allocation ~~in subdivision (a)~~ shall
10 be based on an annual business plan prepared ~~and~~
11 ~~adopted jointly by the authority and the North San Diego~~
12 ~~County Transit Development Board~~ that reports the
13 results of the marketing, financial, patronage, operating
14 and capital programs of the previous year, including
15 progress on improving the total ridership, fare box to
16 operating cost ratio, and local financial support for the
17 services. *The business plan shall clearly delineate the*
18 *intercity rail passenger services from the commuter rail*
19 *services administered by the authority.* The business plan
20 shall also recommend goals for the coming year for
21 improved operating, financial passenger ridership
22 performance and the specific actions planned to meet
23 those goals for the coming year ~~for improved operating,~~
24 ~~financial and passenger ridership performance and the~~
25 ~~specific actions planned to meet those goals.~~ The business
26 plan shall be submitted by the authority ~~and the board~~ to
27 the commission not later than September 1 of each year.
28 The commission and department shall review the
29 business plan and make suggestions for improvement
30 based on a consultative process with the authority ~~and the~~
31 ~~board.~~ The authority ~~and the board~~ may then consider
32 adopting those changes, but shall submit a final business
33 plan to the Governor and the Legislature on or before
34 November 1 of each year. The commission shall submit its
35 final review of the business plan to the Governor and the
36 Legislature on or before November 15 of each year. The
37 business plan shall then form the basis for the fund
38 allocation to the authority in the State Budget in 1997 and
39 subsequent years. The initial business plan shall be
40 submitted pursuant to this process on April 1, 1996, and



1 shall form the basis for the 1996–97 appropriation
2 allocated in Section 6 of the act that amended this section
3 during the first year of 1995–96 Regular Session.

4 ~~SEC. 6. (a) There is hereby appropriated, on July 1,~~
5 ~~1996, eighteen million dollars (\$18,000,000) from the~~
6 ~~Transportation Planning and Development Account in~~
7 ~~the State Transportation Fund to the Southern California~~
8 ~~Regional Rail Authority for the planning, administration,~~
9 ~~and operation of intercity rail passenger services in~~
10 ~~southern California pursuant to the business plan adopted~~
11 ~~pursuant to Section 14035 of the Government Code.~~

12 *SEC. 6. Section 164.55 of the Streets and Highways*
13 *Code is amended to read:*

14 164.55. (a) The department, in cooperation with
15 local transportation officials, shall develop guidelines to
16 implement the intercity rail program. The guidelines
17 shall define the criteria to identify and prioritize projects
18 which can be implemented not later than June 30, 2001,
19 and will provide an efficient system of intercity rail
20 services in the state.

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

23 (c) The commission shall give high priority and an
24 appropriate level of funding to the development and
25 enhancement of an efficient and effective intercity
26 passenger rail system in the state.

27 (d) “Intercity rail” has the same meaning as the term
28 “intercity rail passenger service” as defined in the Rail
29 Passenger Service Act (45 U.S.C. Sec. 502(11)).

30 (e) Intercity rail projects eligible for funding include
31 the following corridors:

- 32 (1) Los Angeles-San Diego.
- 33 (2) Santa Barbara-Los Angeles.
- 34 (3) Los Angeles-Fresno-San Francisco Bay area and
35 Sacramento.
- 36 (4) San Francisco Bay area-Sacramento-Auburn.
- 37 (5) San Francisco-Santa Rosa-Eureka.
- 38 (6) Santa Barbara-San Luis Obispo County-San Jose.
- 39 (7) Los Angeles-Fullerton-Riverside-Coachella
40 Valley-Calexico.



1 (8) *Los Angeles-San Bernardino-Las Vegas, Nevada.*

2 (f) The department shall submit the guidelines to the
3 commission not later than July 1, 1990, and the
4 commission shall adopt the guidelines not later than
5 September 1, 1990.

6 (g) Any intercity rail corridor that was included
7 among the corridors enumerated in subdivision (e)
8 subsequent to the enactment of this section by Chapter
9 106 of the Statutes of 1989 is eligible to compete for
10 funding, and funds that had been programmed or
11 allocated prior to the inclusion of the additional eligible
12 corridors need not be programmed or reallocated.

13 *SEC. 7. (a) The Department of Transportation and*
14 *the Southern California Regional Rail Authority shall*
15 *enter into an agreement, to be effective April 1, 1996, for*
16 *the transfer from the department to the authority of*
17 *funds necessary to operate intercity rail services within*
18 *the jurisdiction of the authority. This shall include funds*
19 *made available to the department for intercity rail*
20 *service in southern California for the state operating*
21 *subsidy, marketing costs, and a share of administrative*
22 *costs resulting from the substitution of responsibilities. All*
23 *state funds transferred pursuant to the agreement shall*
24 *be available only for intercity rail passenger service.*

25 (b) Of the total amount ~~appropriated by~~ transferred to
26 the authority pursuant to subdivision (a), the
27 expenditure of 20 percent of the amount shall be
28 discretionary with the authority; however, emphasis shall
29 be on the implementation of new services. Of the
30 remaining 80 percent, proportionate amounts shall be
31 allocated to each southern California corridor, based on
32 the corridor's proportion of existing total passenger miles.
33 *This formula may be modified by the authority to the*
34 *extent necessary to avoid reducing the level of any*
35 *existing services.*



1		_____
2	CORRECTIONS	
3	Text — Pages 2, 4, and 8.	
4		_____
5		

