

**Senate Bill No. 457**

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Passed the Senate July 8, 1996

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*Secretary of the Senate*

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Passed the Assembly July 8, 1996

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_ day  
of \_\_\_\_\_, 1996, at \_\_\_\_ o'clock \_\_M.

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*Private Secretary of the Governor*

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## CHAPTER \_\_\_\_

An act to add Article 5 (commencing with Section 14070), Article 5.2 (commencing with Section 14072), Article 5.4 (commencing with Section 14074), and Article 5.6 (commencing with Section 14076) to Chapter 1 of Part 5 of Division 3 of Title 2 of, and to repeal and add Section 14031.8 of, and to repeal Sections 14031.9 and 14031.10 of, the Government Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

SB 457, Kelley. Transportation: intercity passenger rail service.

(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 delete those provisions and would authorize the department, upon approval of the Secretary of Business, Transportation and Housing, to enter into interagency transfer agreements with specified joint exercise of powers entities, pursuant to which the respective joint powers entity would assume responsibility for intercity passenger rail services within a particular corridor, and be allocated funds for that purpose pursuant to the agreement. The transfer of funds would constitute an appropriation. The bill would specify various terms to be included in the agreement. A business plan, as specified, would be required to be prepared for the provision of intercity passenger rail services pursuant to an interagency transfer agreement.



The bill would authorize expansion of the membership of the Southern California Regional Rail Authority, an existing joint exercise of powers entity formed to operate the commuter rail network known as Metrolink, for the purpose of administering intercity rail services in 10 specified southern California counties.

This bill would create the Capitol Corridor Joint Powers Board, subject to being organized, as provided, specify its membership, prescribe its functions and responsibilities, and authorize the board to enter into an interagency agreement with the department to assume responsibility for Capitol Corridor intercity rail services. The board would be organized when 2 jurisdictions elect to appoint members to the board and only those jurisdictions that appoint members to the board prior to December 31, 1996, would be member-agencies of the board.

The bill would authorize specified local agencies to form a joint exercise of powers board for the purpose of assuming responsibility for intercity rail passenger services in the San Joaquin Corridor.

(2) The bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. This act shall be known and may be cited as the Intercity Passenger Rail Act of 1996.

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

(1) An intercity rail passenger system, linking major urban centers and complemented by feeder bus services that provide access to outlying areas and destinations, is an important element of the state's transportation system, and shall remain a state-funded program.

(2) The state has a continuing interest in the provision of cost-effective intercity rail passenger services and has a responsibility to coordinate intercity rail passenger services statewide.



(3) Since 1976, the state has invested over one billion dollars (\$1,000,000,000) in capital improvements and operating support for intercity rail passenger service and must ensure the protection of that investment. Recently, state costs to support operation of this service have increased greatly due to congressional reductions in Amtrak's federal operating support.

(b) The Legislature, through the enactment of this act, intends all of the following:

(1) The Secretary of Business, Transportation and Housing shall be responsible for the overall planning, coordination, and budgeting of the intercity passenger rail service.

(2) If the secretary determines that transferring responsibility for intercity rail service in a particular corridor or corridors to a statutorily created joint powers agency would result in administrative or operating cost reductions, the secretary may authorize the Department of Transportation to enter into an interagency agreement to effect a transfer of those administrative functions.

(3) Any intercity rail corridor for which administrative responsibility has been transferred to a joint powers board through an interagency agreement shall remain as a component of the statewide system of intercity rail corridors.

(4) The public interest requires expansion of the state intercity rail program in order to keep pace with the needs of an expanding population.

(5) For not less than a three-year period, the level of state funding for intercity rail service in each corridor shall be maintained at a level equal to at least the current level of service in the corridor, thus providing fiscal stability that will allow appropriate planning and operation of these services.

SEC. 3. Section 14031.8 of the Government Code is repealed.

SEC. 4. Section 14031.8 is added to the Government Code, to read:

14031.8. (a) The Secretary of Business, Transportation and Housing shall establish, through an



annual budget process, the level of state funding available for the operation of intercity passenger rail service in each corridor.

(b) Where applicable, operating funds shall be allocated by the secretary to the joint powers board in accordance with an interagency agreement which includes mutually agreed-upon rail services. Funds for the administration and marketing of services, as appropriate, shall also be transferred by the secretary to the joint powers board, subject to the terms of the interagency agreement.

(c) The joint powers board or local or regional entities may augment state-provided resources to expand intercity passenger rail services, or to address funding shortfalls in achieving agreed-upon performance standards.

(d) The department may provide any support services as may be mutually agreed upon by the board and the department.

(e) Operating costs shall be controlled by dealing with, at a minimum, the current Amtrak cost allocation formula and the ability to contract out to Amtrak or other rail operators as a part of federal legislation dealing with Amtrak reauthorization.

(f) Not later than December 31, 1997, the secretary shall establish a set of uniform performance standards for all corridors and operators to control cost and improve efficiency.

SEC. 5. Section 14031.9 of the Government Code is repealed.

SEC. 6. Section 14031.10 of the Government Code is repealed.

SEC. 7. Article 5 (commencing with Section 14070) is added to Chapter 1 of Part 5 of Division 3 of Title 2 of the Government Code, to read:

#### Article 5. Intercity Rail Agreements

14070. As used in this article, the following terms have the following meanings:



(a) “Board” or “joint powers board” means the governing board of a joint exercise of powers agency established pursuant to Article 5.2 (commencing with Section 14072), Article 5.4 (commencing with Section 14074), or Article 5.6 (commencing with Section 14076) for the purpose of assuming administrative responsibility for intercity passenger rail service within the respective corridor.

(b) “Secretary” means the Secretary of the Business, Transportation and Housing Agency.

14070.2. (a) If authorized by the secretary, the department may, through an interagency agreement, transfer to a joint powers board, and the board may assume, all responsibility for administering passenger rail service in the corridor. Upon the date specified in the agreement, the board shall succeed to the department’s powers and duties relative to that service, except that the department shall retain responsibility for developing budget requests for the service through the state budget process, which shall be developed in consultation with the board, and for coordinating service in the corridor with other passenger rail services in the state.

(b) The interagency agreement shall be executed on or before December 31, 1996. If an interagency agreement is not entered into on or before December 31, 1996, the secretary shall provide a report to the Governor and the Legislature on or before January 30, 1997, explaining why an acceptable agreement has not been developed, with specific recommendations for developing an acceptable interagency agreement.

(c) The secretary shall require the board to demonstrate the ability to meet the performance standards established by the secretary pursuant to subdivision (f) of Section 14031.8.

14070.4. (a) An interagency transfer agreement between the department and a joint powers board, when approved by the secretary, shall do all of the following:

(1) Specify the date and conditions for the transfer of responsibilities and identify the annual level of funding for the initial five years of the transfer and ensure that the



level of funding is consistent with and sufficient for the planned service improvements within the corridor.

(2) Identify, for the initial year and subsequent years, the funds to be transferred to the board including state operating subsidies made available for intercity rail services in the corridor, and funds currently used by the department for administration and marketing of the corridor, with the amounts adjusted annually for inflation and in accordance with the business plan.

(3) Specify the level of service to be provided, the respective responsibilities of the board and the department, the methods that the department will use to assure the coordination of services with other rail passenger services in the state, and the methods that the department will use for the annual review of the business plan and annual proposals on funding and appropriations.

(4) Describe the terms for transferring to the joint exercise of powers agency car and locomotive train sets, and other equipment and property owned by the department and required for the intercity service in the corridor including, but not limited to, the number of units to be provided, liability coverage, maintenance and warranty responsibilities, and indemnification issues.

(5) Describe auditing responsibilities and process requirements, reimbursement and billing procedures, the responsibility for funding shortfalls, if any, during the course of each fiscal year, an operating contract oversight review process, performance standards and reporting procedures, the level of rail infrastructure maintenance, and other relevant monitoring procedures. The description shall contain an evaluation of the impact of any transfer of equipment on other intercity corridors. The agreement shall endeavor to minimize the impact and maximize the efficient use of the equipment, including continued joint use of equipment that is currently shared by one or more corridors.

(b) Use of the annual state funding allocation, as set forth in the interagency transfer agreement for the initial five years, shall be described in an annual business plan submitted by the board to the secretary for review and



recommendation by April 1 of each year. The business plan, when approved by the secretary, shall be deemed accepted by the state. The budget proposal developed by the department for the subsequent year shall be based upon the business plan approved by the secretary. The business plan shall be consistent with the interagency agreement and shall include a report on the recent as well as historical performance of the corridor service, an overall operating plan including proposed service enhancement to increase ridership and provide for increased traveler demands in the corridor for the upcoming year, short-term and long-term capital improvement programs, funding requirements for the upcoming fiscal year, and an action plan with specific performance goals and objectives. The business plan shall document service improvements to provide the planned level of service, inclusion of operating plans to serve peak period work trips, and consideration of other service expansions and enhancements. The plan shall clearly delineate how funding and accounting for state-sponsored rail passenger services shall be separate from locally sponsored services in the corridor. Proposals to expand or modify passenger services shall be accompanied by the identification of all associated costs and ridership projections. The business plan shall establish, among other things: fares, operating strategies, capital improvements needed, and marketing and operational strategies designed to meet performance standards established in the interagency agreement.

(c) Based on the annual business plan and the subsequent appropriation by the Legislature, the secretary shall allocate state funds on an annual basis to the board. As provided in the interagency agreement, any additional funds that are required to operate the passenger rail service during the fiscal year shall be provided by the board from jurisdictions that receive service. In addition, the board may use any cost savings or farebox revenues to provide service improvements related to intercity service. In any event, the board shall



report the fiscal results of the previous year's operations as part of the annual business plan.

(d) The term of the agreement shall not exceed three years.

(e) The level of service funded by the state shall in no case be less than the current number of intercity roundtrips operated in a corridor and serving the end points currently served by the intercity rail corridor. The level of service funded by the state shall also include feeder bus service with substantially the same number of route miles as the current feeder system, to be operated in conjunction with the trains.

(f) Nothing in this article shall be construed to preclude expansion of state-approved intercity rail service.

14070.6. The department and any entity that assumes administrative responsibility for passenger rail services through an interagency transfer agreement, may, through a competitive bid process, contract with the National Railroad Passenger Corporation (Amtrak) or with other organizations authorized under state or federal law to provide passenger rail services, and may contract with rail corporations and other rail operators for the use of tracks and other facilities and for the provision of passenger services on terms and conditions as the parties may agree. The department is deemed to be a third-party beneficiary of the contract, and the contract shall not contain any provision or condition that would negatively impact on or conflict with any other contracts the department has regarding intercity rail services. Any entity that succeeds the department as sponsor of state-supported passenger rail services through an interagency transfer agreement, is deemed an agency of the state for all purposes related to passenger rail services, including Section 1614 of Title 49 of the United States Code.

SEC. 8. Article 5.2 (commencing with Section 14072) is added to Chapter 1 of Part 5 of Division 3 of Title 2 of the Government Code, to read:



14072. The Southern California Regional Rail Authority is an existing joint powers authority formed pursuant to Section 130255 of the Public Utilities Code, made up of the county transportation commissions of the Counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura, and set up to operate the commuter rail network known as Metrolink in those counties.

14072.2. The joint powers authority, known as the Southern California Regional Rail Authority, may, if the authority elects to be a party to an interagency agreement pursuant to Article 5 (commencing with Section 14070), be expanded to form an authority for the administration of intercity passenger rail services in the Counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura. The expanded authority may include, but is not limited to, the following agencies: the Imperial Valley Association of Governments, the Los Angeles County Metropolitan Transportation Commission, the Orange County Transportation Authority, the Riverside County Transportation Commission, the San Bernardino Association of Governments, the San Diego Association of Governments, the San Luis Obispo Council of Governments, the Santa Barbara County Association of Governments, and the Ventura County Transportation Commission. For the purposes of this section, “authority” means the expanded board of the Southern California Regional Rail Authority. Only the expanded board or authority, not the Southern California Regional Rail Authority board existing on July 1, 1996, may exercise jurisdiction over intercity rail matters for the service area of the authority. For purposes of taking action on intercity rail issues, including, but not limited to, equipment, funding, legislation, marketing, and operations, the member agency from each county shall be allowed one vote. Representation shall be limited to one agency per county.



14072.4. Membership in the expanded Southern California Regional Rail Authority shall be one voting representative from each of the designated member agencies. Members shall be appointed from each of the member agencies annually.

14074.6. This article shall be applicable only if the entities to be represented on the authority enter into a joint exercise of powers agreement to expand the authority, and elect to become a party to an interagency transfer agreement pursuant to Article 5 (commencing with Section 14070).

SEC. 9. Article 5.4 (commencing with Section 14074) is added to Chapter 1 of Part 5 of Division 3 of Title 2 of the Government Code, to read:

Article 5.4. San Joaquin Corridor

14074. As used in this article, the following terms have the following meanings:

(a) “Board” means the governing board of the San Joaquin Corridor Joint Powers Agency established pursuant to Section 14074.2.

(b) “San Joaquin Corridor” or “corridor” means the Los Angeles-Bakersfield-Fresno-Stockton-Sacramento-Oakland rail corridor.

14074.2. (a) The San Joaquin Corridor Joint Powers Agency may be established by agreement of the represented agencies for the purpose of assuming responsibility for intercity passenger rail services in the San Joaquin Corridor.

(b) The board shall be composed of the following 19 members:

(1) One member from the Capitol Corridor Joint Powers Board, if that board is in existence.

(2) One member from the County of Sacramento, appointed by the board of supervisors of that county.

(3) One member from the County of Los Angeles, appointed by the board of supervisors of that county.

(4) Two members each from the Counties of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus,



and Tulare, appointed by the board of supervisors of the respective county. Each county shall appoint one member who is an elected official and one who is a private citizen.

14074.6. This article shall be applicable only if the entities that would be represented on the board enter into a joint exercise of powers agreement to form the agency, and elect to become a party to an interagency transfer agreement pursuant to Article 5 (commencing with Section 14070).

SEC. 10. Article 5.6 (commencing with Section 14076) is added to Chapter 1 of Part 5 of Division 3 of Title 2 of the Government Code, to read:

#### Article 5.6. Capitol Corridor

14076. As used in this article, the following terms have the following meanings:

(a) “Board” means the Capitol Corridor Joint Powers Board created by Section 14076.2.

(b) “Capitol Corridor” or “corridor” means the Colfax-Sacramento-Suisun City-Oakland-San Jose rail corridor.

14076.2. (a) There is hereby created the Capitol Corridor Joint Powers Board, subject to being organized pursuant to subdivision (b). The board shall be composed of not more than the following 16 members:

(1) Six members of the San Francisco Bay Area Rapid Transit District Board of Directors, appointed by the board of directors of that district, as follows:

(A) Two who are residents of Alameda County.

(B) Two who are residents of Contra Costa County.

(C) Two who are residents of the City and County of San Francisco.

(2) Two members of the Board of Directors of the Sacramento Regional Transit District, appointed by the board of directors of that district.

(3) Two members of the Board of Directors of the Santa Clara County Transit District, appointed by the board of directors of that district.



(4) Two members of the county congestion management agency for that County of Yolo, appointed by that agency.

(5) Two members of the county congestion management agency for the County of Solano, appointed by that agency.

(6) Two members of the Placer County Transportation Planning Agency, appointed by that agency.

(b) The board shall be organized when at least two of the jurisdictions described in paragraphs (1) to (6), inclusive, of subdivision (a) elect to appoint members to serve on the board. Only those jurisdictions that appoint members to serve on the board prior to December 31, 1996, shall be member-agencies of the board.

14076.4. If the board and the department enter into an interagency transfer agreement pursuant to Article 5 (commencing with Section 14070), for an initial period, that begins with the transfer of responsibilities from the department to the board and continues for a three-year period subsequent to the completion of the track and signal improvements between Sacramento and Emeryville, the San Francisco Bay Area Rapid Transit District General Manager and the district's administrative staff shall, if that district has appointed members to the board in accordance with Section 14076.2, provide all necessary administrative support to the board to perform its duties and responsibilities, and may perform for the board any and all activities that they are authorized to perform for the district. At the conclusion of the initial period, the board may, through procedures that it determines, select the San Francisco Bay Area Rapid Transit District or another existing public rail transit agency for a three-year term to provide all necessary administrative support staff to the board to perform its duties and responsibilities.

14076.6. The board shall make its decisions in accordance with the votes of its members, requiring a majority vote for all matters with the exception of the



approval of the business plan, and revisions, which shall require a vote of two-thirds of the members.

14076.8. For the purpose of carrying out its responsibilities pursuant to this article, the board may seek funds from any jurisdiction served by the Capitols passenger rail service for enhanced service.

SEC. 11. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that improved and expanded passenger rail services may be realized at the earliest possible time, it is necessary for this act to take effect immediately.



Approved \_\_\_\_\_, 1996

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*Governor*

