

Date of Hearing: July 10, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION
Jim Frazier, Chair
SB 477 (Cannella) – As Amended May 26, 2017

SENATE VOTE: 40-0

SUBJECT: Intercity rail corridors: extensions

SUMMARY: Authorizes a local joint powers authority (JPA) operating intercity rail service to expand service beyond its statutorily defined corridor if specific conditions are met.

Specifically, **this bill:**

- 1) Authorizes an existing intercity rail agreement executed between a local JPA and the Department of Transportation (Caltrans) to be amended to provide for the expansion of intercity rail service beyond the JPA's statutorily defined boundaries.
- 2) Authorizes the proposed expansion of service to occur only if the following conditions are met:
 - a) The extension of the corridor and implementation of expanded intercity rail service is recommended and justified in the JPA's business plan, as approved by the board of directors;
 - b) The amended intercity transfer agreement containing the proposed extension and intercity rail service expansion is consistent with the state rail plan and is approved by the Secretary of Transportation; and,
 - c) The JPA board of directors makes a determination that the proposed extension and intercity rail service expansion will not jeopardize existing intercity rail service.

EXISTING LAW:

- 1) Authorizes Caltrans to contract with the National Railroad Passenger Corporation (Amtrak) for intercity rail passenger services.
- 2) Provides funding for intercity passenger rail service from a portion of the sales tax on diesel fuel through the Public Transportation Account.
- 3) Authorizes the Captiol Corridor JPA, San Joaquin JPA, and the Los Angeles- San Diego-San Luis Obispo (LOSSAN) Rail Corridor Agency to oversee state-supported intercity passenger rail service.
- 4) Authorizes Caltrans, subject to approval of the Secretary of Transportation, to enter into an interagency transfer agreement under which a JPA assumes responsibility for administering the state-supported intercity passenger rail service, and associated feeder bus service, in a particular corridor.

- 5) Defines the boundaries of the three intercity rail corridors, and requires the preparation of an annual business plan for the corridor by each participating JPA board of directors.
- 6) Requires the Secretary of Transportation to develop a state rail plan covering all aspects of rail transportation, as specified. The plan is required to be delivered to the Legislature on or before March 1, 2017.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- 1) Unknown, significant cost pressures, to the extent the expansion of rail JPA service corridors beyond defined boundaries results in funding capital expenditures for rail expansion over other regional or state priorities. In addition, the extension of rail corridors would result in increased state expenditures for intercity rail operating subsidies. (Public Transportation Account)
- 2) Minor and absorbable costs to Caltrans and the California Transportation Agency (CalSTA) to review and amend interagency transfer agreements. (State Highway Account)

COMMENTS: California is home to three of the five busiest Amtrak intercity passenger rail routes in the nation. The Capitol Corridor service in Northern California covers 170 miles, with 17 stations, connecting Auburn to San Jose. In 2016, the Capitol Corridor had record ridership of roughly 1.6 million. The San Joaquins serves the Central Valley with two daily round trips between Sacramento and Bakersfield and five daily round trips between Oakland and Bakersfield, carrying over 1.1 million passengers a year. In Southern California, the Pacific Surfliner service is a 351-mile coastal corridor that runs from San Diego to San Luis Obispo, travelling through Orange, Los Angeles, Ventura, and Santa Barbara counties. The Pacific Surfliner has 12 daily roundtrips between San Diego and Los Angeles, of which five daily trips extend north of Los Angeles to Santa Barbara and two daily trips further extend to San Luis Obispo, with a yearly ridership of nearly 3 million.

Prior to 2012, Caltrans Division of Rail and Mass Transit managed and funded two of the three intercity rail services within the state - the Pacific Surfliner and the San Joaquins. The Capitol Corridor was, and still is, managed by a JPA that administers day to day operations within specified service boundaries. During the 2011-12 Legislative Session, SB 1225 (Padilla), Chapter 802, Statutes of 2012, and AB 1779 (Galgiani), Chapter 801, Statutes of 2012, authorized the transfer of responsibility of Pacific Surfliner and San Joaquins, respectively, to JPA managing agencies and, among other provisions, defined the service boundaries within each region. Currently, all three intercity rail service lines are managed by local JPAs while Caltrans remains responsible for providing state funding for each intercity rail line.

Historically, the intercity rail lines were partially funded by the federal government through Amtrak operations. However, with the passage of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA), states were required to assume full funding of these lines. In California, the three intercity rail lines are funded from a portion of the sales tax on diesel fuel, which equates to roughly \$130 million for the 2017-18 fiscal year. With the passage of SB 1 (Beall), Chapter 5, Statutes of 2017, the three intercity rail providers will receive an additional \$20 million per year for capital and operations support. Additionally, there are other funding sources for capital improvements for inter-city rail including the Transit Intercity Rail Capital

Program (TIRCP), administered by the California State Transportation Agency (CalSTA), and the Interregional Transportation Improvement Program (ITIP), administered by Caltrans.

The statutes governing the JPAs define the specific corridors in which they are authorized to operate and provide service. Specifically, the Capitol Corridor is defined to extend from Colfax to San Jose. The San Joaquins corridor is defined as Los Angeles through Bakersfield to Oakland and Sacramento. The LOSSAN corridor is San Diego through Los Angeles to San Luis Obispo.

There is great interest among various transportation agencies in the state to expand the intercity rail service beyond their statutorily defined corridors. Additionally, as part of the State Rail Plan of 2013, these so-called emerging corridors are discussed as part the overall effort to connect the state by rail and integrate the state's rail network. Specifically, the emerging corridors include the extension of Capitol Corridor service south to Salinas; the extension of Pacific Surfliner service in both directions, north to San Jose and east to the Coachella Valley through Riverside County; and the possible extension of San Joaquins service north of Sacramento to Chico and Redding. All of these options are included in the JPAs' respective business plans as future possibilities.

The projects to extend the corridors for future service are in various stages of planning and development. For example, the sponsors of this bill, the Transportation Agency of Monterey County (TAMC), are part of the Coast Rail Coordinating Council (CRCC), a coalition of coastal agencies supporting expansion of service on the coast, the Coast Daylight service, to connect Los Angeles and San Francisco. Amtrak conducted a service and ridership evaluation in 2016, estimating an operating subsidy cost of roughly \$3.1 million per year for this expansion. Additionally, the Capitol Corridor connection to Salinas has undergone numerous ridership studies, with funding from the state, and estimated an operating subsidy of approximately \$1.6 million per year. In the south, the Riverside County Transportation Commission received a grant from the Federal Railroad Administration for project planning on the Coachella line.

According to the author, "California's three intercity rail corridors have statutorily defined boundaries, however, all three stop short of the County of Monterey. It is the intent of this legislation to permit Capitol Corridor to extend service south of San Jose and LOSSAN to extend service north of San Luis Obispo, while at the same time providing all three JPAs the flexibility to expand beyond their original boundaries without the requirement of future legislation, assuming that certain conditions are met."

Specifically, this bill would give authority to the three JPAs to expand service beyond their statutorily defined corridors if specific conditions are met, including that the expansion is approved by the board of directors, is included in the JPA's business plan, and does not jeopardize existing service.

The sponsors of the bill, TAMC states, "this bill would enable two emerging passenger rail projects planned for Monterey County to be operated by existing joint powers boards. TAMC has long advocated for an extension of passenger rail service from San Jose to Salinas, and this bill would allow Capitol Corridor to extend south of San Jose, which will provide an alternative to the highly congested U.S. 101 corridor to access jobs, education, and healthcare in the Silicon Valley and the San Francisco Bay Area."

Writing in support of this bill, the San Joaquin JPA notes that “the bill is critical for efforts to improve passenger rail services, including the expansion of the San Joaquins. We have included the extension of the San Joaquins north of Sacramento to ultimately reach Chico and Redding, as well as other potential expansion opportunities as part of our 2017 business plan.”

Committee Comments: The expansion of passenger rail service in California is critical to relieving congestion and meeting the state greenhouse gas emission goals. The three state-supported intercity rail systems are some of the busiest in the nation and all have expansion plans that include increasing current capacity and frequency, and the future extension of their corridors. However, all of these plans will require additional funding, as service expansion requires capital improvements as well as ongoing operations funding. This concern was noted by LOSSAN, writing in support of the concept of this bill, “although SB 477 does not appropriate, nor provide new revenue streams or programs to support any expansion of intercity rail services, this bill does allow for discussion at the local level. Furthermore, nothing included in SB 477 mandates the consideration of future expansion on behalf of a respective corridor’s joint powers board; instead it provides that the authority be at the discretion of the LOSSAN board and other intercity rail corridor boards.”

This bill provides the JPAs with the authority to discuss, plan, and possibly implement new expanded service through a deliberative process that remains consistent with state plans, is approved by the Secretary of Transportation, and protects current service. Additionally, with the passage of SB 1, there is additional funding for both operations and capital available to the agencies which will help with expansion of the services.

Double referral: This bill will be referred to the Assembly Committee on Local Government should it pass out of this committee.

Previous legislation: SB 1 (Beall), Chapter 5, Statutes of 2017, provides approximately \$5.2 billion per year in new funding for highways, transit and active transportation programs.

SB 1225 (Padilla), Chapter 802, Statutes of 2012, authorized an interagency transfer agreement to be entered into with a local JPA to provide intercity rail service in the LOSSAN Corridor if specific conditions are met.

AB 1779 (Galgiani), Chapter 801, Statutes of 2012, authorized an interagency transfer agreement to be entered into with a local JPA to provide intercity rail service in the San Joaquin Corridor if specific conditions are met.

REGISTERED SUPPORT / OPPOSITION:

Support

Transportation Agency of Monterey County (Sponsor)
California Partnership for the San Joaquin Valley
Capitol Corridor Joint Powers Authority
Central Valley Rail Working Group
City of Salinas
Coast Rail Coordinating Council
Los Angeles-San Diego-San Luis Obispo Rail Corridor (support in concept)

Madera County Transportation Commission
Monterey County
Riverside County Transportation Commission
Sacramento Regional Transit District
San Joaquin Joint Powers Authority
San Joaquin Regional Rail Commission
San Joaquin Valley Regional Planning Agencies' Directors' Committee
San Luis Obispo Council of Governments
Santa Barbara County Association of Governments
Santa Cruz County Regional Transportation Commission
Shasta Regional Transportation Agency

Opposition

None on file

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