

Date of Hearing: July 8, 2019

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

SB 742 (Allen) – As Amended July 1, 2019

SENATE VOTE: 37-0

SUBJECT: Intercity passenger rail services: motor carrier transportation of passengers

SUMMARY: Makes various changes to provisions relating to the state's intercity thruway bus services. Specifically, **this bill:**

- 1) Makes findings and declarations relating to the statewide intercity transportation network.
- 2) Defines "Joint Powers Authority (JPA)," to mean the JPAs created to manage and operate the state's intercity rail and thruway bus services.
- 3) Authorizes the California Department of Transportation (Caltrans) to provide funding to a JPA to enter into a contract with the National Railroad Passenger Corporation (Amtrak) or a public or private motor carrier of passengers for intercity transportation connecting to intercity rail service.
- 4) Requires the JPAs prior to entering into a contract for motor carrier services to:
 - a) Consult with and consider relevant public transit operators to determine if an operator can provide the planned service and to avoid conflicts with existing public transit service;
 - b) Make a good faith effort to coordinate with private motor carrier services to provide timely connections with intercity rail services, including through agreements to fund modifications or expansion of service to better coordinate with existing rail service; and
 - c) Document the differences between the proposed motor carrier service and existing service in communities served, including time of day.

Requires the JPA to document these efforts and present them at a public meeting of the JPA for public comment.

- 5) Authorizes a motor carrier funded by the state through the JPAs to transport passengers who are not connecting to a passenger rail service.
- 6) Authorizes state agencies and departments, public and private transit operators, intercity motor carriers of passengers, Amtrak, and the JPAs to enter into revenue sharing and ticket selling agreements with each other to provide intercity transportation and connections at rail stations to and from local transit systems and intermodal and intercity motor carrier terminals.
- 7) Requires the JPA, if it contracts for service pursuant to the bill, to submit a report to the Legislature on or before January 1, 2023, to include, but not be limited to:
 - a) The number of passengers transferring to intercity passenger rail service;

- b) The number of passengers traveling solely on the motor carrier;
 - c) The extent to which the service is similar to service offered by a privately operated intercity motor carrier;
 - d) The impact of the publically-funded motor carrier service on privately operated service;
 - e) Any revenue sharing agreements and ticket selling agreements entered into; and
 - f) Any recommendations for changes to state policies to encourage increased connectivity and service quality.
- 8) Sunsets the reporting requirement on January 1, 2027.

EXISTING LAW:

- 1) Authorizes the Caltrans to contract with Amtrak for intercity rail passenger services.
- 2) Provides funding for intercity passenger rail and feeder bus 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 and feeder bus 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) Restricts the abovementioned funding to feeder bus service that is solely used by passengers connecting to and from a train except in circumstances where no private intercity bus company provides scheduled bus services on specified routes.

FISCAL EFFECT: Unknown

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 2018, the Capitol Corridor had record ridership of roughly 1.7 million. The San Joaquins serve the Central Valley with two daily round trips between Sacramento and Bakersfield and five daily round trips between Oakland and Bakersfield, carrying over one 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. 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. 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.

In addition to the intercity rail lines, the JPAs also manage a thruway bus network, or buses that provide direct connections with the existing rail service. Other than in smaller rural areas, the JPAs contract with private bus companies through Amtrak to provide the feeder bus service. For example, a passenger can purchase a combined rail – bus ticket from Fresno to Los Angeles, riding the train from Fresno to Bakersfield and connecting with a bus in Bakersfield to continue the trip. The passenger has a combined ticket for both services as sold through the national Amtrak ticketing system. In fact, the San Joaquins thruway bus network has over 100 buses running daily over 12 separate thruway bus routes. The San Joaquin corridor is the one most involved in providing bus connections for its riders. According to its 2019 Business Plan, in Fiscal Year 2015-16, over 55% of its riders used at least one bus as part of their trip, resulting in more than 625,000 bus trips, with 110,000 traveling to or from Los Angeles Union Station.

Currently, the intercity bus connections offered to Amtrak passengers stretch throughout the state and fill critical gaps in the system. For example, service is offered to Redding and Arcata in the north; Reno, Lake Tahoe and Las Vegas in the east; to parts of the state not served by rail on the Central Coast and the Coachella Valley; and to Yosemite National Park.

Historically, the intercity rail lines and connecting thruway bus services 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 and thruway buses are funded from a portion of the sales tax on diesel fuel, which equates to roughly \$130 million for the 2018-19 fiscal year, with the thruway bus network making up about \$29 million of that. 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 intercity 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.

It's all about Buses

Under federal law, Amtrak is prohibited from selling tickets to passengers who have not had “prior movement by rail or will have subsequent movement by rail,” meaning that Amtrak cannot sell bus-only tickets to passengers. A passenger must be travelling by both rail and a connecting thruway bus. In 1999, the Legislature passed and Governor Davis signed into law SB

804 (Perata), Chapter 458, Statutes of 1999, which established statutory guidelines for the use of state funds for intercity bus service, including, with a few exceptions, restricting passengers from purchasing an intercity bus ticket without connecting to an intercity rail trip, therefore conforming to federal law. While this restriction may ensure rail passengers also have a bus seat, as bus passengers depart at various stops, buses begin to operate well below capacity. For example, San Joaquin feeder bus service from Oakland traveling north to Arcata, may, many times, only have one or two passengers upon reaching Arcata. However, Amtrak is prohibited from canceling any of the 17 stops between Oakland and Arcata as a rail passenger may have reserved a ticket to any one of those bus stops.

At the time of the so-called “Perata law’s” consideration, Greyhound Lines, as the sponsor of the measure, was concerned about direct competition from a “publically subsidized” bus service, noting that in many cases they could provide the same service as part their regular schedule without a public subsidy. Currently, Greyhound operates an extensive private bus network across the country, serving urban and rural areas. In California, Greyhound operates roughly 245 buses and connects with intercity rail in numerous locations in the state, including LA Union Station, San Jose, and Fresno.

However, the federal restriction outlined above does not apply to “transportation funded predominately by a state or local government, or to ticket selling agreements.” As noted, since the passage of PRIIA, the State of California has been fully funding the three intercity rail and feeder bus routes. This bill would recast provisions for how the JPAs contract for motor carrier, or thruway bus, services, including eliminating this restriction and allowing non-rail passengers to purchase feeder bus tickets when seats are available.

According to the author, “SB 742 removes prohibitions in California law which hamstringing an important network of publicly subsidized intercity buses. These restrictions, modeled after federal regulations, currently ban taxpayer-subsidized rail thruway buses from selling tickets to any passenger unless he or she either rode on a train before catching that bus or is riding on that bus to catch a train.”

Regional JPAs operate, maintain and enhance intercity passenger rail corridors to increase the mobility of California’s residents and visitors. Those corridors are bolstered by a network of thruway buses branching out from rail stations to connect riders to over 250 towns and communities throughout California and even into Nevada. Collectively, these railways and bus routes provide reliable, affordable travel options not simply between urban hubs, but also to many out-of-the-way, more rural communities.

As a practical matter, many rail thruway buses operate far below capacity, and even if a bus starts a route from a train station with all its seats occupied, as it travels from one to community to another it often gets emptier and emptier as the route moves along. SB 742 will permit joint power authorities to advertise and sell tickets to keep those seats filled, meaning the buses themselves should cost less public money to operate. It will improve access to priority and underserved communities, and by diverting trips that might otherwise be taken by automobile, has the potential to reduce greenhouse gas and air pollution emissions.”

The bill does not just eliminate the Perata law restriction, it recasts requirements for the JPA prior to contracting for bus services, including consulting with local public transit agencies and private bus operators, such as Greyhound, to try to avoid conflicts or develop duplicative service.

In fact, the JPAs must document the differences in the planned bus service from existing service in the region and consider the information in a public hearing.

The bill also encourages the state, the JPAs, Amtrak, public and private transit operators, and private intercity bus operators to collaborate on revenue sharing and ticket selling agreements to help provide seamless connections from rail to bus to transit. California is pioneering this concept of coordinated scheduling and ticketing. In fact, a recent TIRCP grant was awarded to the Capitol Corridor to advance the idea. Specifically, according to the California State Transportation Agency (CalSTA), “the project invests in statewide service and ticket integration pursued through the next phases of the statewide Integrated Travel Program, providing opportunities for riders on at least 10 rail and transit systems to plan travel and purchase tickets in a single, seamless transaction. This investment will take place over about five years, and will lead to significant improvements in ridership, efficiency and connectivity on rail and transit systems across California by providing a single, unified mechanism by which customers can travel on multiple modes of transport. It will be developed with a framework that allows for rapid expansion following the pilot program to interested public and private sector partners.”

Writing in support of the bill, the California Intercity Passenger Rail Leadership Group, comprised of the San Joaquins, Capitol Corridor, Pacific Surfliner, Salinas Extension, Coast Route, Coachella Valley, states, “we appreciate that Senate Bill 742 provisions would increase revenues for the state at virtually no additional costs; provide improved access to priority and underserved communities; reduce the amount of greenhouse gases and air pollution emissions by diverting trips that would have previously been taken by an automobile; and provide better utilization of current infrastructure and reduce congestion on some of the state’s most congested freeways.”

Previous legislation: SB 1048 (Allen) of 2018, would have allowed passengers to use intercity bus service without having to connect to or from an intercity rail service. SB 1048 was not set for hearing at the request of the author.

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.

SB 804 (Perata), Chapter 458, Statutes of 1999, established statutory guidelines for the use of state funds for intercity bus service, including restricting passengers from purchasing an intercity bus ticket without connecting to an intercity rail trip.

REGISTERED SUPPORT / OPPOSITION:

Support

Central Valley Rail Working Group (sponsor)

Rail Passenger Association of California and Nevada (sponsor)

San Joaquin Valley Regional Planning Agencies Directors Committee (sponsor)

Active SGV
Bay Area Council
Breathe California Sacramento Region
Butte County Association of Governments
California Bicycle Coalition
California Council of the Blind
California Hispanic Chambers of Commerce
California Intercity Passenger Rail Leadership Group
California Transit Association
California Partnership for the San Joaquin Valley
California Walks
Capitol Corridor Joint Powers Authority
Catholic Charities, Diocese of Stockton
City Of Arcata
City of Bakersfield
City of King
City of Manteca
City of Martinez
City of Monterey
City Of Sacramento
City of Salinas
Coalition for Sustainable Transportation
Coast Rail Coordinating Council
Downtown Stockton Alliance
Huddle Co Work
Humboldt County
Humboldt County Association of Governments
Kern County Hispanic Chamber of Commerce
Leadership Counsel for Justice and Accountability
Los Rios Community College District
LOSSAN
Madera County
Madera County Transportation Commission
Mayor Michael Tubbs, City of Stockton
Mendocino Transit Authority
Monterey County
North of the River Chamber of Commerce
NRDC
Planning and Conservation League
Rising Sun Center for Opportunity
Sacramento Area Council of Governments
Sacramento Regional Rail Working Group
Safe Routes to School National Partnership
San Joaquin Bike Coalition
San Joaquin Council of Governments
San Joaquin County Board Of Supervisors
San Joaquin County Hispanic Chamber of Commerce
San Joaquin Joint Powers Authority

San Joaquin Valley Rail Committee
San Luis Obispo Council of Governments
Santa Barbara County Association of Governments
Seamless Bay Area
Shasta Regional Transportation Agency
Sierra Club California
Sonoma Marin Area Regional Transit District
Southern California Transit Advocates
Southwest Rail Passenger Association
Stanislaus Council of Governments
Stanislaus County
Transform
Transportation Agency for Monterey County
Valley Vision
Walk Sacramento

Neutral

California Bus Association
Greyhound

Opposition

None on file

Analysis Prepared by: Melissa White / TRANS. / (916) 319-2093