



REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

915 I Street, Sacramento, CA 95814-2671

STAFF REPORT
April 3, 2012

Honorable Members of the
Law and Legislation Committee

Title: Legislative Position: Support Intercity Passenger Rail Act of 2012 for San Joaquin Corridor

Location/Council District: Citywide

Recommendation: Adopt a Support position on the Intercity Passenger Rail Act of 2012 for San Joaquin Corridor

Contact: Mark Prestwich, Special Projects Manager, City Manager's Office

Presenters: Mark Prestwich, Special Projects Manager, City Manager's Office

Department: City Manager's Office

Division: Government Affairs

Organization No: 09200

Description/Analysis

Issue: The proposed Intercity Passenger Rail Act of 2012 will provide for regional governance/management of the existing San Joaquin intercity rail service between Bakersfield, Fresno, Stockton, Sacramento and the San Francisco Bay via an interagency transfer agreement from the State by December 31, 2013. It is anticipated the proposed legislation will be introduced via amendments to AB 1779.

The legislation is modeled after Senate Bill 457 which created the Capitol Corridor Joint Powers Authority (CCJPA) in 1996. Since then, CCJPA has increased ridership by 400 percent and achieved the best on-time performance in the nation without direct financial contributions from member agencies. In addition to more effective administration and operational management, the CCJPA model has demonstrated the value of local authority administration of intercity passenger service including: improved advocacy for service improvements and expansions, responsiveness and adaptation to passenger issues, partnership opportunities with local agencies and local engagement.

The bill is sponsored by Central Valley Rail Working Group (CVRWG) and the San Joaquin Valley Regional Policy Council. The CVRWG has been working in partnership since 2007 to develop commuter rail service from Merced to Sacramento, has advised the CA High-Speed Rail Authority on planning issues in that same corridor, and has been exploring the regional governance initiative for the San Joaquin intercity service since November. CVRWG Member Agencies are:

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| Sacramento Regional Transit District | City of Stockton |
| Sacramento Area Council of Governments | City of Manteca |
| City of Sacramento | City of Lodi |
| City of Elk Grove | County of San Joaquin |
| City of Galt | Stanislaus Council of Governments |
| County of Sacramento | City of Turlock |
| San Joaquin Regional Rail Commission | City of Modesto |
| San Joaquin Council of Governments | County of Stanislaus |
| San Joaquin Regional Transit District | Merced County Association of Governments |
| | City of Merced |
| | County of Merced |

The San Joaquin Valley Regional Policy Council Member Agencies are:

- Fresno Council of Governments
- Kern Council of Governments
- Kings County Association of Governments
- Madera County Transportation Commission
- Merced County Association of Governments
- San Joaquin Council of Governments
- Stanislaus Council of Governments
- Tulare County Association of Governments
- San Joaquin Valley Air Pollution Control District

Policy Considerations: The State has a continuing interest in providing cost-effective intercity rail passenger services and the CCJPA regional governance model under which the proposed legislative is modeled has resulted in several benefits including service improvements, responsiveness to local concerns, and partnership opportunities.

Environmental Considerations:

Sustainability Considerations: Increases in intercity rail service and ridership will result in improved air quality and help promote sustainable development.

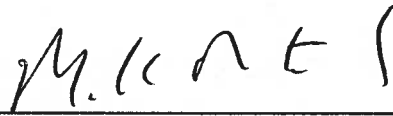
Committee/Commission Action: None.

Rationale for Recommendation: Regional governance will improve local control over the management and operations of intercity passenger rail service along with San Joaquin corridor between Bakersfield, Fresno, Stockton, Sacramento and San Francisco Bay Area. A similar governance structure for the CCJPA has resulted in increased ridership, increased responsiveness and adaptation to passenger issues, and improved partnerships.

Financial Considerations: The proposed legislation requires that the transfer to regional governance must result in administrative or operating cost reductions. In addition, the legislation will preserve local funds by preventing the use of existing sources of local or regional transit funding to be used for San Joaquin intercity passenger rail service expansion or maintenance.

Emerging Small Business Development (ESBD): None.

Respectfully Submitted by:



Mark Prestwich, Special Projects Manager

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DRAFT LETTER OF SUPPORT

April 3, 2012

Assemblymember Galgiani
State Capitol, 10th & L Sts, Room 5155
Sacramento CA 95814
Attention: Victoria Grajek, Chief of Staff

RE: Intercity Passenger Rail Act of 2012 for San Joaquin Corridor – Letter of Support

Dear Assemblymember Galgiani,

The City of Sacramento is pleased to provide this letter of support for the Intercity Passenger Rail Act of 2012, which would enable the transfer of administrative responsibility of the San Joaquin intercity passenger rail service from the California Department of Transportation to a new joint powers authority.

In 1996, the Capitol Corridor Joint Powers Authority (CCJPA) was created to oversee the administration of the Capitol Corridor service under the provisions of Senate Bill 457 (SB 457). Over the last 15 years, without direct financial contribution by member agencies, the CCJPA has successfully managed the Capitol Corridor between Auburn and San Jose. Capital investments, cooperation with the Union Pacific freight railroad, and state support have allowed for dramatic increases in the frequency of service (increases of 400 percent between Sacramento and Oakland), and the Capitol Corridor intercity passenger rail service has the best on-time performance in the nation for intercity service. In addition to more cost effective administration and operations, the CCJPA has shown that there are several other potential benefits to local authority administration of intercity passenger service including: the ability to have a stronger voice in advocating for service improvements and expansions, local decision-making that is more responsive and adaptive to passenger issues, the ability to take better advantage of joint marketing and partnerships with local agencies, and more engagement by local communities to support the service.

We appreciate that Intercity Passenger Rail Act of 2012 follows the model of the CCJPA, and is permissive legislation which would enable regional governance/management of the existing San Joaquin intercity passenger rail service between Bakersfield-Fresno-Stockton-Sacramento-SF Bay Area.

We support defining the composition of the San Joaquin Joint Powers Authority (Authority), and extending the time for creating the Authority and executing an interagency transfer agreement with the Department of Transportation to December 31, 2013. In order to transfer responsibility of the San Joaquin intercity passenger rail service to the Authority, this legislation will require that the transfer must result in administrative or operating cost reductions. In addition, the bill will prevent any existing sources of local or regional transit funding to be used to expand or maintain the San Joaquin intercity passenger rail service.

With more efficient administration and stronger local/regional support, a regionally managed

San Joaquin intercity passenger rail service can result in much higher frequencies of service, and increases in ridership and revenue – like experienced by the Capitol Corridor under the regional administration of the CCJPA. Increases in San Joaquin intercity passenger rail service and ridership will result in more jobs, improve air quality, and will help promote sustainable development.

Intercity passenger rail is environmentally friendly, and the state has a continuing interest in the provision of cost-effective and efficiently administered intercity passenger rail services. We are pleased to provide this letter of support to help move California forward.

Sincerely,

JAY SCHENIRER, Chair
Law and Legislation Committee

cc: Senate Pro Tem Darrell Steinberg
Assembly Member Dr. Richard Pan
Assembly Member Roger Dickinson
Assembly Member Alyson Huber
Mayor Johnson and Members of the City Council
David Jones, Emanuels & Jones and Associates

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AB 1779 Mock-up

(proposed amendments are shaded)

An act to amend Sections 14031.8 and 14070.2 of, and to repeal and add Article 5.4 (commencing with Section 14074) of Chapter 1 of Part 5 of Division 3 of Title 2 of, the Government Code, relating to transportation.

SECTION 1. This act shall be known and may be cited as the Intercity Passenger Rail Act of 2012 for the San Joaquin Corridor.

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

(1) An intercity rail 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 1.8 billion dollars (\$1,800,000,000) in capital improvements and operating support for intercity rail passenger service and must ensure the protection of that investment.

(4) Intercity rail service and ridership increases will result in more jobs, improve air quality, and will help promote sustainable development.

(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 transfer 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 transfer agreement shall remain as a component of the statewide system of intercity rail corridors.

(4) The public interest requires strategic 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 five-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 amended 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 transfer agreement ~~which~~that 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 transfer agreement.

(c) The joint powers board or local or regional entities may, but shall not be required to, augment state-provided resources to expand intercity passenger rail services, or to address funding shortfalls in achieving agreed-upon performance standards. However, notwithstanding Section 99233.4 or 99260.5 of, or subdivision (b) of Section 99400 of, the Public Utilities Code, or any other provision of law, the joint powers board or local or regional entities shall not use existing sources of transit funding for this purpose, including, but not limited to, funds made available under the Mills-Alquist-Deddeh Act, commonly known as the Transportation Development Act (Chapter 4 (commencing with Section 99200) of Part 11 of Division 10, of the Public Utilities Code), or under the State Transportation Assistance program pursuant to Sections 99313 and 99314 of the Public Utilities Code. The joint powers board or local or regional agencies with regard to the San Joaquin Corridor may identify and secure new supplemental sources of funding for the purpose of expanding or maintaining intercity rail passenger service levels, which may include state and federal intercity rail resources.

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

(e) Operating costs shall be controlled by dealing with, at a minimum, the current Amtrak cost allocation formula, which beginning in federal fiscal year 2013/2014, will be subject to Section 209 of the federal Passenger Rail Investment and Improvement Act, 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. To the extent necessary, as determined by the secretary, performance standards may be modified not later than December 31, 2014, relative to including the San Joaquin Corridor among the corridors subject to an interagency transfer agreement.

(g) Notwithstanding provisions in this section, with regard to the San Joaquin Corridor, local resources described in subdivision (c) shall not be available for expenditure to offset the redirection, elimination, reduction, or reclassification of state resources for operating intercity rail services.

SEC. 4. Section 14070.2 of the Government Code is amended to read:

14070.2. (a) If authorized by the secretary, the department may, through an interagency transfer agreement, transfer to a joint powers board, and the board may assume, all responsibility for administering intercity 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 *intercity* passenger rail services in the state.

(b) The (1) Except as otherwise provided in paragraph (2), the interagency transfer agreement shall be executed on or before December 31, 1996.

(2) With respect to the San Joaquin Corridor, the interagency transfer agreement shall be executed on or before December 31, 2013.

(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.

SEC. 5. Section 14070.6 of the Government Code is amended to read:

14070.6. The department and any entity that assumes administrative responsibility for passenger rail services through an interagency transfer agreement, may, through a competitive solicitation process, contract with the National Railroad Passenger Corporation (Amtrak) or with organizations not precluded by 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. If the passenger rail service is operated by a contractor, the contractor shall, as a condition of entering into an operating agreement with the Joint Powers Authority, agree that its labor relations shall be governed by the Railway Labor Act [Title 45 United States Code].

SEC. 6. Article 5.4 (commencing with Section 14074) of Chapter 1 of Part 5 of Division 3 of Title 2 of the Government Code is repealed.

SEC. 7. 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) "Authority" or "San Joaquin Joint Powers Authority" means a joint powers exercise of powers agency formed under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 for purposes of assuming administrative responsibility for the San Joaquin corridor under an interagency transfer agreement pursuant to Article 5 (commencing with Section 14070).

(b) "Board" means the governing board of the San Joaquin Joint Powers Authority established under Section 14074.2.

(c) "San Joaquin Corridor" or "corridor" means the Los Angeles-Bakersfield-Fresno-Stockton-Sacramento-~~Oakland~~San Francisco Bay Area intercity passenger rail corridor.

14074.2. (a) There is hereby created the San Joaquin Corridor Joint Powers Board, subject to being organized pursuant to subdivision (b). The board shall be composed of not more than 11 members, as follows:

(1) One member of the board of directors of the Sacramento Regional Transit District, appointed by that board.

(2) One member of the board of directors of the San Joaquin Regional Rail Commission, appointed by that board, who shall be a resident of San Joaquin County.

(3) One member of the board of directors of the Stanislaus Council of Governments, appointed by that board.

(4) One member of board of directors of the Merced County Association of Governments, appointed by that board.

(5) One member of board of directors of the Madera County Transportation Commission, appointed by that board.

(6) One member of board of directors of the Fresno Council of Governments, appointed by that board.

(7) One member of the board of directors of the Kings County Association of Governments, appointed by that board.

(8) One member of the board of directors of the Tulare County Association of Governments, appointed by that board.

(9) One member of the board of directors of the Kern Council of Governments, appointed by that board.

(10) One member of the board of directors of a regional transportation agency or rail transit operator that serves Contra Costa County, appointed by that agency, who shall be a resident of the county.

(11) One member of the board of directors of a regional transportation agency or rail transit operator that serves Alameda County, appointed by that agency, who shall be a resident of the county.

(b) The board shall be organized when at least six of the agencies described in paragraphs (1) to (11), inclusive, of subdivision (a) elect to appoint a member to serve on the board. Only those agencies that appoint a member to serve on the board prior to December 31, 2013, shall be member-agencies of the authority and be represented on the board. In the event the rail service boundaries of the San Joaquin intercity passenger rail service are extended, an additional member from each additional county receiving rail service can be added to the San Joaquin Joint Powers Board through a decision of the San Joaquin Joint Powers Board.

14074.4 This authority shall be created only if the agencies that would be represented on the board enter into a joint exercise of powers agreement to form the agency.

14074.6 The board shall make its decisions in accordance with the votes of its members, with a majority vote required for all matters with the exception of the approval of the business plan, revisions to the business plan, and the addition of new members pursuant to subdivision (b) of Section 14074.2, which shall require a vote of two-thirds vote of the members.

14074.8. The Steering Committee of the Caltrans Rail Task Force shall remain in existence. If a joint powers authority is formed pursuant to this article and an interagency transfer agreement is executed pursuant to subdivision (b) of Section 14070.2, the Steering Committee of the Caltrans Rail Task Force shall become the Steering Committee of the San Joaquin Corridor Joint Powers Authority for the purpose of advising the joint powers board.