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AMENDED IN SENATE APRIL 9, 2012

SENATE BILL

No. 1225

Introduced by Senator Padilla

(Coauthor: Senator Correa)

(Coauthors: Assembly Members Davis, Galgiani, and Williams)

February 23, 2012

An act to amend Sections 14031.8, 14070.2, 14070.4, and 14070.6 of, to add Sections 14031.9, 14070.3, 14070.5, and Section 14070.7 to, and to repeal and add Article 5.2 (commencing with Section 14072) of Chapter 1 of Part 5 of Division 3 of Title 2 of, the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1225, as amended, Padilla. Intercity rail agreements.

Existing law authorizes the Department of Transportation to contract with Amtrak for intercity ~~passenger~~ rail *passenger* services and provides funding for these services from the Public Transportation Account. Existing law, until December 31, 1996, authorized the department,

subject to approval of the Secretary of the Business, Transportation and Housing Agency, to enter into an interagency transfer agreement under which a joint powers board assumes responsibility for administering the state-funded intercity rail service in a particular corridor. Existing law, with respect to a transferred corridor, requires the board to demonstrate the ability to meet performance standards established by the secretary.

This bill would authorize the department, with approval of the secretary, to enter into interagency transfer agreements for additional intercity rail corridors, to be entered into between June 30, 2014, and June 30, 2015. The bill would require the agreements to cover the initial 3-year period after the transfer, and would authorize subsequent extensions by mutual agreement. If agreements are not entered into by the expiration of that period, the bill would require the secretary to report to the Governor and the Legislature by June 30, 2016, as specified.

This bill would ~~specifically authorize the department, with the approval of the secretary, to enter into~~ an additional interagency transfer agreement ~~to be entered into~~ with respect to the LOSSAN Corridor, defined to mean the intercity passenger rail corridor between San Diego, Los Angeles, and San Luis Obispo, if the LOSSAN Agency, an existing joint powers agency, is reconstituted through an amended joint powers agreement approved by the governing boards of its members to enable that agency to enter into an interagency transfer agreement with the secretary relative to the LOSSAN Corridor.

~~This bill would require a transfer agreement, as provided above, to be entered into no later than June 30, 2015, subject to negotiation and approval by the state and the LOSSAN Corridor Joint Powers Agency. The bill would require the agreement to cover the initial 3-year period after the transfer. If an agreement is not entered into by that date, the bill would require the secretary to report to the Governor and the Legislature by June 30, 2016, as specified.~~

Existing law requires the level of service to be funded by the state pursuant to a transfer agreement to not be less than the current number of intercity round trips operated in a corridor and serving the same endpoints.

This bill would require the service funded by the state ~~in the LOSSAN Corridor~~ to remain the same during the first 3 years following the effective date of ~~the a~~ transfer agreement, and would require ~~the LOSSAN Corridor Joint Powers Agency~~ *the entity assuming*

responsibility for a corridor to provide that level of service. The bill would prohibit termination of feeder bus services except for specified reasons.

Existing law provides for the allocation of state funds by the secretary to a joint powers board under an interagency transfer agreement based on the annual business plan for the intercity rail corridor and subsequent appropriation of state funds. Existing law states that the interagency transfer agreement may provide that any additional funds required to operate the ~~passenger~~ *intercity* rail service during a fiscal year shall be provided by ~~the~~ *a* joint powers board from jurisdictions that receive service.

This bill, ~~with respect to the LOSSAN Corridor, would,~~ if local resources are made available for operating the intercity rail ~~services~~ *service*, would require a vote of the local agency providing the resources, and would require the concurrence of the ~~LOSSAN Corridor Joint Powers Agency in that regard~~ *joint powers board in that regard*.

This bill would authorize the secretary to adopt new performance standards for intercity rail services.

Existing law authorizes the department and any entity that assumes administrative responsibility for passenger rail services through an interagency transfer agreement to contract with specified entities for the use of tracks and other facilities and for the provision of passenger rail services.

This bill would require a contractor under an agreement specified above to agree that its labor relations shall be governed by a specified federal act relating to labor relations on railroads and would add similar provisions applicable to the LOSSAN Corridor, as specified.

This bill would repeal now-obsolete provisions authorizing the Southern California Regional Rail Authority to be a party to an interagency transfer agreement for intercity rail services in specified counties.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 Intercity Passenger Rail Act of 2012.
- 3 SEC. 2. (a) The Legislature finds and declares all of the
- 4 following:

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

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

10 (3) Since 1976, the state has invested over one billion eight
11 hundred million dollars (\$1,800,000,000) in capital improvements
12 and operating support for intercity passenger rail service and must
13 ensure the protection of that investment.

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

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

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

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

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

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

36 (5) For not less than a three-year period following the effective
37 date of the interagency transfer agreement, the level of state funding
38 for intercity rail service in each corridor shall be maintained at a
39 level equal to at least the level of service funded by the state in the
40 corridor as of the effective date of the interagency transfer

1 agreement, thus providing fiscal stability that will allow appropriate
2 planning and operation of these services.

3 *(6) It is in the public interest to ensure fiscal accountability that*
4 *the intercity rail service operating in the LOSSAN Corridor*
5 *maintain a ratio of fare revenue to operating cost of no less than*
6 *55 percent.*

7 SEC. 3.— Section 14031.9 is added to the Government Code, to
8 read:

9 ~~14031.9. (a) (1) This section shall apply only to the San~~
10 ~~Diego-Los Angeles-San Luis Obispo (LOSSAN) Corridor, and~~
11 ~~only if that corridor is the subject of an interagency transfer~~
12 ~~agreement.~~

13 ~~(2) The Secretary of Business, Transportation and Housing shall~~
14 ~~establish, through an annual budget process, the level of state~~
15 ~~funding available for the operation of intercity passenger rail~~
16 ~~service, including associated feeder bus service, in the LOSSAN~~
17 ~~Corridor.~~

18 ~~(b) Where applicable, operating funds shall be allocated by the~~
19 ~~secretary to the LOSSAN Corridor Joint Powers Agency in~~
20 ~~accordance with the interagency transfer agreement that includes~~
21 ~~mutually agreed-upon rail services. Funds for the administration~~
22 ~~and marketing of services, as appropriate, shall also be transferred~~
23 ~~by the secretary to the LOSSAN Corridor Joint Powers Agency,~~
24 ~~subject to the terms of the interagency transfer agreement.~~

25 ~~(c) The LOSSAN Corridor Joint Powers Agency or local or~~
26 ~~regional agencies may, but shall not be required to, augment~~
27 ~~state-provided resources to expand intercity passenger rail services~~
28 ~~using local resources, or to address funding shortfalls in achieving~~
29 ~~agreed-upon performance standards. The LOSSAN Corridor Joint~~
30 ~~Powers Agency or local or regional agencies may identify and~~
31 ~~secure new supplemental sources of funding for the purpose of~~
32 ~~expanding or maintaining intercity rail passenger rail service levels,~~
33 ~~which may include state and federal intercity rail resources. Local~~
34 ~~resources may be available to offset any redirection, elimination,~~
35 ~~reduction, or reclassification by the state of state resources for~~
36 ~~operating intercity rail services identified in subdivision (b) only~~
37 ~~if the resources are dedicated by a vote of the local agency~~
38 ~~providing the funds, with the concurrence of the LOSSAN Corridor~~
39 ~~Joint Powers Agency.~~

1 ~~(d) The department may provide any support services as may~~
2 ~~be mutually agreed upon by the LOSSAN Corridor Joint Powers~~
3 ~~Agency and the department.~~

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

8 ~~(f) (1) Not later than June 30, 2014, the secretary shall establish~~
9 ~~a set of uniform performance standards for all corridors and~~
10 ~~operators to control cost and improve efficiency.~~

11 ~~(2) To the extent necessary, as determined by the secretary,~~
12 ~~performance standards may be modified not later than July 30,~~
13 ~~2015, or the effective date of the interagency transfer agreement,~~
14 ~~whichever comes first.~~

15 ~~(3) Feeder bus services that provide connections for intercity~~
16 ~~rail passenger service shall not be terminated unless the bus~~
17 ~~services fail to meet the cost-effectiveness standard described in~~
18 ~~paragraph (3) of subdivision (a) of Section 14035.2.~~

19 ~~SEC. 4.— Section 14070.3 is added to the Government Code, to~~
20 ~~read:~~

21 ~~14070.3.— (a) If authorized by the secretary, the department~~
22 ~~may, through an interagency transfer agreement, transfer to the~~
23 ~~LOSSAN Corridor Joint Powers Agency, and that agency may~~
24 ~~assume, all responsibility for administering state-funded intercity~~
25 ~~passenger rail service, including associated feeder bus service, in~~
26 ~~the San Diego-Los Angeles-San Luis Obispo (LOSSAN) Corridor.~~
27 ~~Upon the date specified in the agreement, the LOSSAN Corridor~~
28 ~~Joint Powers Agency shall succeed to the department's powers~~
29 ~~and duties relative to that service, except that the department shall~~
30 ~~retain responsibility for developing budget requests for the service,~~
31 ~~consistent with the annual business plan as approved by the~~
32 ~~secretary for the service, through the state budget process, which~~
33 ~~shall be developed in consultation with that agency, and for~~
34 ~~coordinating service in the corridor with other intercity passenger~~
35 ~~rail services in the state.~~

36 ~~(b) With respect to the LOSSAN Corridor, an interagency~~
37 ~~transfer agreement may be entered into on or before June 30, 2014,~~
38 ~~but not later than June 30, 2015, subject to negotiation and approval~~
39 ~~by the state and the LOSSAN Corridor Joint Powers Agency. The~~
40 ~~interagency transfer agreement between the department and the~~

1 ~~LOSSAN Corridor Joint Powers Agency shall cover the initial~~
2 ~~three-year period after the transfer, but may be extended thereafter~~
3 ~~by mutual agreement. If an interagency agreement is not entered~~
4 ~~into on or before June 30, 2015, the secretary shall provide a report~~
5 ~~to the Governor and the Legislature on or before June 30, 2016,~~
6 ~~explaining why an acceptable agreement has not been developed,~~
7 ~~with specific recommendations for developing an acceptable~~
8 ~~interagency agreement.~~

9 ~~(e) The secretary shall require the LOSSAN Corridor Joint~~
10 ~~Powers Agency to demonstrate the ability to meet the performance~~
11 ~~standards established by the secretary pursuant to subdivision (f)~~
12 ~~of Section 14031.9.~~

13 ~~(d) Section 14070.2 shall not apply to the LOSSAN Corridor.~~

14 ~~SEC. 5. Section 14070.5 is added to the Government Code, to~~
15 ~~read:~~

16 ~~14070.5. (a) An interagency transfer agreement between the~~
17 ~~department and the LOSSAN Corridor Joint Powers Agency, when~~
18 ~~approved by the secretary, shall do all of the following:~~

19 ~~(1) Specify the date and conditions for the transfer of~~
20 ~~responsibilities and identify the annual level of funding for the~~
21 ~~initial three years following the transfer and ensure that the level~~
22 ~~of funding is consistent with and sufficient for the planned service~~
23 ~~improvements within the LOSSAN Corridor.~~

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

30 ~~(3) Specify the level of service to be provided, the respective~~
31 ~~responsibilities of the agency and the department, the methods that~~
32 ~~the department will use to ensure the coordination of services with~~
33 ~~other rail passenger and feeder bus services in the state, and the~~
34 ~~methods that the department will use for the annual review of the~~
35 ~~business plan and annual proposals on funding and appropriations.~~

36 ~~(4) Describe the terms of use by the LOSSAN Corridor Joint~~
37 ~~Powers Agency of car and locomotive train sets, and other~~
38 ~~equipment and property owned by the department and required~~
39 ~~for intercity passenger rail service in the LOSSAN Corridor,~~
40 ~~including, but not limited to, the number of units to be provided,~~

1 liability coverage, maintenance and warranty responsibilities, and
2 indemnification issues.

3 (5) Describe auditing responsibilities and process requirements,
4 reimbursement and billing procedures, the responsibility for
5 funding shortfalls, if any, during the course of each fiscal year, an
6 operating contract oversight review process, performance standards
7 and reporting procedures, the level of rail infrastructure
8 maintenance, and other relevant monitoring procedures.

9 (b) Use of the annual state funding allocation, as set forth in the
10 interagency transfer agreement, shall be described in an annual
11 business plan submitted by the LOSSAN Corridor Joint Powers
12 Agency to the secretary for review and recommendation by April
13 1 of each year. The business plan, when approved by the secretary,
14 shall be deemed accepted by the state. The budget proposal
15 developed by the department for the subsequent year shall be based
16 upon the business plan approved by the secretary. The business
17 plan shall be consistent with the interagency transfer agreement,
18 and shall include a report on the recent as well as historical
19 performance of the corridor service, an overall operating plan
20 including proposed service enhancements to increase ridership
21 and provide for increased traveler demands in the corridor for the
22 upcoming year, short-term and long-term capital improvement
23 programs, funding requirements for the upcoming fiscal year, and
24 an action plan with specific performance goals and objectives. The
25 business plan shall document service improvements to provide the
26 planned level of service, inclusion of operating plans to serve peak
27 period work trips, and consideration of other service expansions
28 and enhancements. The initial business plan shall be consistent
29 with the immediately previous State Rail Plan developed by the
30 department pursuant to Section 14036 and the January 2014
31 business plan developed by the High-Speed Rail Authority pursuant
32 to Section 185033 of the Public Utilities Code. Subsequent business
33 plans shall be consistent with the immediately previous plans
34 developed by the department and the authority. The business plan
35 shall clearly delineate how funding and accounting for
36 state-sponsored intercity passenger rail services shall be separate
37 from locally sponsored services in the corridor. Proposals to expand
38 or modify intercity passenger rail services shall be accompanied
39 by the identification of all associated costs and ridership
40 projections. The business plan shall establish, among other things:

1 fares, operating strategies, capital improvements needed, and
2 marketing and operational strategies designed to meet performance
3 standards established in the interagency transfer agreement.

4 (e) ~~Based on the annual business plan and the subsequent~~
5 ~~appropriation by the Legislature the secretary shall allocate state~~
6 ~~funds on an annual basis to the LOSSAN Corridor Joint Powers~~
7 ~~Agency. As provided in the interagency transfer agreement, any~~
8 ~~additional funds that are needed to operate the passenger rail~~
9 ~~service during a fiscal year shall be provided by the LOSSAN~~
10 ~~Corridor Joint Powers Agency from jurisdictions that receive~~
11 ~~service. In addition, the LOSSAN Corridor Joint Powers Agency~~
12 ~~may use any cost savings or farebox revenues to provide service~~
13 ~~improvements related to intercity service. In any event, the agency~~
14 ~~shall report the fiscal results of the previous year's operations as~~
15 ~~part of the annual business plan.~~

16 (d) ~~The level of service funded by the state during the first three~~
17 ~~years following the effective date of the transfer agreement shall~~
18 ~~in no case be less than the number of intercity round trips operated~~
19 ~~in a corridor and serving the end points currently served by the~~
20 ~~intercity rail corridor as of the effective date of the interagency~~
21 ~~transfer agreement. Subject to Section 14035.2, the level of service~~
22 ~~funded by the state shall also include feeder bus service with~~
23 ~~substantially the same number of route miles as the current feeder~~
24 ~~system, to be operated in conjunction with the trains. For that same~~
25 ~~three-year period, the LOSSAN Corridor Joint Powers Agency~~
26 ~~shall continue to provide at least the same level of intercity rail~~
27 ~~and feeder bus services as were in operation on the effective date~~
28 ~~of the interagency transfer agreement, except that the interagency~~
29 ~~transfer agreement shall not prohibit the agency from reducing the~~
30 ~~number of feeder bus route miles if the agency determines that a~~
31 ~~feeder bus route is not cost effective as provided in Section~~
32 ~~14035.2.~~

33 (e) ~~Nothing in this article shall be construed to preclude~~
34 ~~expansion of state-approved intercity passenger rail service.~~

35 (f) ~~Local resources may be available to offset any redirection,~~
36 ~~elimination, reduction, or reclassification by the state of state~~
37 ~~resources for operating intercity rail services identified in~~
38 ~~subdivision (b) only if the local resources are dedicated by a vote~~
39 ~~of the local agency providing the funds, with the concurrence of~~
40 ~~the LOSSAN Rail Corridor Agency.~~

1 ~~(g) Section 14070.4 shall not apply to the LOSSAN Corridor.~~

2 *SEC. 3. Section 14031.8 of the Government Code is amended*
3 *to read:*

4 14031.8. (a) The Secretary of Business, Transportation and
5 Housing shall establish, through an annual budget process, the
6 level of state funding available for the operation of intercity
7 passenger rail service in each corridor.

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

15 (c) The joint powers board or local or regional entities may
16 augment state-provided resources to expand intercity passenger
17 rail services, or to address funding shortfalls in achieving
18 agreed-upon performance standards. *The joint powers board or*
19 *local or regional agencies may, but shall not be required to,*
20 *identify and secure new supplemental sources of funding for the*
21 *purpose of expanding or maintaining intercity rail passenger*
22 *service levels, which may include state and federal intercity rail*
23 *resources. Local resources may be available to offset any*
24 *redirection, elimination, reduction, or reclassification by the state*
25 *of state resources for operating intercity passenger rail services*
26 *identified in subdivision (b) only if the local resources are*
27 *dedicated by a vote of the local agency providing funds, with the*
28 *concurrence of the joint powers board.*

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

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

36 (f) (1) Not later than ~~December 31, 1997~~ *June 30, 2014*, the
37 secretary shall establish a set of uniform performance standards
38 for all corridors and operators to control cost and improve
39 efficiency.

1 (2) To the extent necessary, as determined by the secretary,
2 performance standards may be modified not later than July 30,
3 2015, or the effective date of the interagency transfer agreement,
4 whichever comes first.

5 (3) Feeder bus services that provide connections for intercity
6 rail passengers shall not be terminated unless the bus services fail
7 to meet the cost-effectiveness standard described in paragraph (3)
8 of subdivision (a) of Section 14035.2.

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

11 14070.2. (a) If authorized by the secretary, the department
12 may, through an interagency *transfer* agreement, transfer to a joint
13 powers board, and the board may assume, all responsibility for
14 administering *intercity* passenger rail service in the corridor,
15 including associated feeder bus service. Upon the date specified
16 in the agreement, the board shall succeed to the department's
17 powers and duties relative to that service, except that the
18 department shall retain responsibility for developing budget
19 requests for the service, consistent with the annual business plan
20 as approved by the secretary for the service, through the state
21 budget process, which shall be developed in consultation with the
22 board, and for coordinating service in the corridor with other
23 *intercity* passenger rail services in the state.

24 (b) ~~The~~ An interagency transfer agreement shall may be executed
25 on or before December 31, 1996 after June 30, 2014, but not later
26 than June 30, 2015, subject to negotiation and approval by the
27 state and the board. The interagency transfer agreement between
28 the department and the board shall cover the initial three-year
29 period after the transfer, but may be extended thereafter by mutual
30 agreement. If an interagency agreement is not entered into on or
31 before June 30, 2015, the secretary shall provide a report to the
32 Governor and the Legislature on or before June 30, 2016,
33 explaining why an acceptable agreement has not been developed,
34 with specific recommendations for developing an acceptable
35 interagency agreement.

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

39 SEC. 5. Section 14070.4 of the Government Code is amended
40 to read:

1 14070.4. (a) An interagency transfer agreement between the
2 department and a joint powers board, when approved by the
3 secretary, shall do all of the following:

4 (1) Specify the date and conditions for the transfer of
5 responsibilities and identify the annual level of funding *for the*
6 *initial three years following the transfer* and ensure that the level
7 of funding is consistent with and sufficient for the planned service
8 improvements within the corridor.

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

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

21 (4) Describe the terms ~~for transferring to~~ *of use by the joint*
22 ~~exercise of powers agency board of car and locomotive train sets;~~
23 and other equipment and property owned by the department and
24 required for the intercity service in the corridor including, but not
25 limited to, the number of units to be provided, liability coverage,
26 maintenance and warranty responsibilities, and indemnification
27 issues.

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

39 (b) Use of the annual state funding allocation, as set forth in the
40 interagency transfer agreement, shall be described in an annual

1 business plan submitted by the board to the secretary for review
2 and recommendation by April 1 of each year. The business plan,
3 when approved by the secretary, shall be deemed accepted by the
4 state. The budget proposal developed by the department for the
5 subsequent year shall be based upon the business plan approved
6 by the secretary. The business plan shall be consistent with the
7 interagency agreement and shall include a report on the recent as
8 well as historical performance of the corridor service, an overall
9 operating plan including proposed service—~~enhancement~~
10 *enhancements* to increase ridership and provide for increased
11 traveler demands in the corridor for the upcoming year, short-term
12 and long-term—~~capital~~ *capital* improvement programs, funding
13 requirements for the upcoming fiscal year, and an action plan with
14 specific performance goals and objectives. The business plan shall
15 document service improvements to provide the planned level of
16 service, inclusion of operating plans to serve peak period work
17 trips, and consideration of other service expansions and
18 enhancements. *The initial business plan shall be consistent with*
19 *the immediately previous State Rail Plan developed by the*
20 *department pursuant to Section 14036 and the January 2014*
21 *business plan developed by the High-Speed Rail Authority pursuant*
22 *to Section 185033 of the Public Utilities Code. Subsequent business*
23 *plans shall be consistent with the immediately previous plans*
24 *developed by the department and the authority. The business plan*
25 *shall clearly delineate how funding and accounting for*
26 *state-sponsored intercity rail passenger services shall be separate*
27 *from locally sponsored services in the corridor. Proposals to expand*
28 *or modify passenger services shall be accompanied by the*
29 *identification of all associated costs and ridership projections. The*
30 *business plan shall establish, among other things: fares, operating*
31 *strategies, capital improvements needed, and marketing and*
32 *operational strategies designed to meet performance standards*
33 *established in the interagency transfer agreement.*

34 (c) Based on the annual business plan and the subsequent
35 appropriation by the Legislature, the secretary shall allocate state
36 funds on an annual basis to the board. As provided in the
37 interagency agreement, any additional funds that are—~~required~~
38 *needed* to operate the passenger rail service during the fiscal year
39 shall be provided by the board from jurisdictions that receive
40 service. In addition, the board may use any cost savings or farebox

1 revenues to provide service improvements related to intercity
2 service. In any event, the board shall report the fiscal results of the
3 previous year's operations as part of the annual business plan.

4 (d) The level of service funded by the state *during the first three*
5 *years following the effective date of the interagency transfer*
6 *agreement* shall in no case be less than the ~~current~~ number of
7 intercity round trips operated in a corridor and serving the end
8 points ~~currently~~ served by the intercity rail corridor *as of the*
9 *effective date of the interagency transfer agreement*. Subject to
10 Section 14035.2, the level of service funded by the state shall also
11 include feeder bus service with substantially the same number of
12 route miles as the current feeder system, to be operated in
13 conjunction with the trains. ~~However,~~ *For that same three-year*
14 *period, the board shall continue to provide at least the same level*
15 *of intercity rail and feeder bus services as were in operation on*
16 *the effective date of the interagency transfer agreement, except*
17 *that the interagency agreement shall not prohibit the joint powers*
18 board from reducing the number of feeder bus route miles if the
19 ~~joint powers~~ board determines that a feeder bus route is not cost
20 effective as provided in Section 14035.2.

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

23 (f) *Local resources may be available to offset any redirection,*
24 *elimination, reduction, or reclassification by the state of state*
25 *resources for operating intercity rail services identified in*
26 *subdivision (b) only if the local resources are dedicated by a vote*
27 *of the local agency providing the funds, with the concurrence of*
28 *the board.*

29 *SEC. 6. Section 14070.6 of the Government Code is amended*
30 *to read:*

31 14070.6. The department and any entity that assumes
32 administrative responsibility for *intercity* passenger rail services
33 through an interagency transfer agreement, may, through a
34 competitive solicitation process, contract with the National Railroad
35 Passenger Corporation (Amtrak) or with organizations not
36 precluded by state or federal law to provide *intercity* passenger
37 rail services, and may contract with rail corporations and other rail
38 operators for the use of tracks and other facilities and for the
39 provision of *intercity* passenger services on terms and conditions
40 as the parties may agree. The department is deemed to be a

1 third-party beneficiary of the contract, and the contract shall not
2 contain any provision or condition that would negatively impact
3 on or conflict with any other contracts the department has regarding
4 intercity *passenger* rail services. Any entity that succeeds the
5 department as sponsor of state-supported *intercity* passenger rail
6 services through an interagency transfer agreement, is deemed an
7 agency of the state for all purposes related to *intercity* passenger
8 rail services, including Section ~~1614~~ 5311 of Title 49 of the United
9 States Code. *If the intercity passenger rail service is operated by*
10 *a contractor, the contractor shall, as a condition of entering into*
11 *an operating agreement with the entity, agree that its labor*
12 *relations shall be governed by the federal Railway Labor Act (45*
13 *U.S.C. Sec. 151 et seq.).*

14 ~~SEC. 6.~~

15 *SEC. 7.* Section 14070.7 is added to the Government Code, to
16 read:

17 14070.7. The department and the LOSSAN Rail Corridor
18 Agency, to the extent the agency assumes administrative
19 responsibility for intercity passenger rail services on the LOSSAN
20 Corridor through an interagency transfer agreement, may, through
21 a competitive solicitation process, contract with Amtrak or with
22 organizations authorized by state or federal law to provide intercity
23 passenger rail services, and may contract with rail corporations
24 and other rail operators for the use of the tracks and other facilities
25 and for the provision of intercity passenger rail services on terms
26 and conditions as the parties may agree. The department is deemed
27 to be a third-party beneficiary of the contract, and the contract
28 shall not contain any provision or condition that would negatively
29 impact on or conflict with any other contracts the department has
30 regarding intercity passenger rail services. The LOSSAN Rail
31 Corridor Agency, if it succeeds the department as sponsor of
32 state-supported intercity passenger rail services on the LOSSAN
33 Corridor through an interagency transfer agreement, is deemed to
34 be an agency of the state for all purposes related to intercity
35 passenger rail services, including Section 5311 of Title 49 of the
36 United States Code. ~~If the intercity passenger rail service is~~
37 ~~operated by a contractor~~ *LOSSAN Rail Corridor Agency or the*
38 *entity providing administrative services enters into a contract for*
39 *the operation of those services, the contractor shall, as a condition*
40 *of entering into an operating agreement with the entity providing*

1 *administrative services or the LOSSAN Rail Corridor Agency,*
2 *agree that its labor relations shall be governed by the federal*
3 *Railway Labor Act (45 U.S.C. Sec. 151 and following).*

4 Section 14070.6 shall not apply to the LOSSAN Corridor.

5 ~~SEC. 7.~~

6 *SEC. 8. Article 5.2 (commencing with Section 14072) of*
7 *Chapter 1 of Part 5 of Division 3 of Title 2 of the Government*
8 *Code is repealed.*

9 ~~SEC. 8.~~

10 *SEC. 9. Article 5.2 (commencing with Section 14072) is added*
11 *to Chapter 1 of Part 5 of Division 3 of Title 2 of the Government*
12 *Code, to read:*

13
14 Article 5.2. LOSSAN Corridor

15
16 14072. (a) The LOSSAN Rail Corridor Agency, also known
17 as the LOSSAN Agency, is an existing joint powers authority
18 established to provide an organization capable of implementing
19 the recommendations contained in the State Rail Corridor Study
20 Group’s June 1987 report entitled “Los Angeles-San Diego State
21 Rail Corridor Study” and undertaking related efforts to improve
22 intercity services and facilities in the corridor and to coordinate
23 subcorridor commuter rail services with intercity services. The
24 LOSSAN Agency is composed of voting members, as specified
25 in the joint powers agreement.

26 (b) “LOSSAN Corridor” or “LOSSAN Rail Corridor” means
27 the San Diego-Los Angeles-San Luis Obispo intercity passenger
28 rail corridor.

29 14072.2. This article shall be applicable only if the members
30 of the LOSSAN Agency enter into an amended joint powers
31 agreement to expand the authority of the agency to permit the
32 administration of state-funded intercity passenger rail services on
33 the LOSSAN Corridor, and the LOSSAN Agency thereafter elects
34 to become a party to an interagency transfer agreement pursuant
35 to Article 5 (commencing with Section 14070). The amended joint
36 powers agreement shall establish the terms and conditions for the
37 joint powers agency and is subject to the approval of the governing
38 board of each member agency of the LOSSAN Agency. Only the
39 LOSSAN Agency operating under the amended joint powers
40 agreement, and not the LOSSAN Agency existing on January 1,

- 1 2013, may exercise jurisdiction over intercity rail services on the
- 2 LOSSAN Corridor under an interagency transfer agreement.

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