State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 12-13, 2007

Reference No.: 4.6
Action Item

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Subject: **APPROVAL OF GUIDELINES FOR INTERCITY PASSENGER RAIL PROJECTS IN THE PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT RESOLUTION ICR1B-P-0708-001**

RECOMMENDATION:

The Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve Resolution ICR1B-P-0708-001, providing advice and consent on the Guidelines for Intercity Passenger Rail Projects in the Public Transportation Modernization, Improvement, and Service Enhancement Account authorized under Proposition 1B.

ISSUE:

Attached are guidelines for the Proposition 1B Intercity Passenger Rail Program. The Department is requesting the Commission's advice and consent on the proposed guidelines. The guidelines are intended to provide guidance on the implementation of the Proposition 1B Intercity Passenger Rail Program.

BACKGROUND:

The Highway Safety, Traffic Redirection, Air Quality, and Port Security Bond Act of 2006, approved by voters as Proposition 1B, provides $400 million (upon appropriation by the Legislature) to the Department for Intercity Passenger Rail Improvement projects. A minimum of $125 million is designated for procurement of additional intercity passenger railcars and locomotives. This $400 million program is part of the $4 billion Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). This Account is to be used to fund public transportation projects. Pursuant to paragraph (2) of subdivision (c) of section 8879.50 of the Government Code, the Department is the administrative agency for the PTMISEA.

Attachments

CALIFORNIA TRANSPORTATION COMMISSION

Commission Advice and Consent
Guidelines for Intercity Passenger Rail Projects in the Public Transportation Modernization, Improvement, and Service Enhancement Account

Resolution ICR1B-P-0708-001

1.1 WHEREAS, the Highway Safety, Traffic Redirection, Air Quality, and Port Security Bond Act of 2006, approved by voters on November 7, 2006 as Proposition 1B, called for $4 billion to be deposited into the Public Transportation Modernization, Improvement, and Service Enhancement Account; and

1.2 WHEREAS, of the $4 billion, $400 million was designated to be available upon appropriation by the Legislature, to the Department of Transportation (Department) for intercity passenger rail improvement projects, including a minimum of $125 million for procurement of additional intercity passenger railcars and locomotives; and

1.3 WHEREAS, the California Transportation Commission (Commission), at its June 2007 meeting, made an initial review of the Department's proposed process for development of the Proposition 1B Intercity Passenger Rail program; and

1.4 WHEREAS, at its September 2007 meeting, the Commission reviewed additional information on the program, including project selection criteria and an initial proposed list of Proposition 1B projects and their benefits.

2.1 NOW THEREFORE BE IT RESOLVED, the Commission does hereby consent to the information on the attached "Guidelines for Intercity Passenger Rail Projects in the Public Transportation Modernization, Improvement, and Service Enhancement Account."

GUIDELINES FOR INTERCITY PASSENGER RAIL PROJECTS IN THE PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT

AUTHORITY AND PURPOSE

The Highway Safety, Traffic Redirection, Air Quality, and Port Security Bond Act of 2006, approved by voters as Proposition 1B, provides $400 million upon appropriation by the Legislature, to the Department of Transportation (Department) for Intercity Passenger Rail Improvement projects. A minimum of $125 million is designated for procurement of additional intercity passenger railcars and locomotives. This $400 million program is part of the $4 billion Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). This Account is to be used to fund public transportation projects. Pursuant to paragraph (2) of subdivision (c) of section 8879.50 of the Government Code, the Department is the administrative agency for the PTMISEA.

The overall goals of The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) are to fund "mobility, safety, and air quality improvements."

These guidelines are intended to provide guidance on the implementation of the Proposition 1B Intercity Passenger Rail Program.

PROGRAM INTENT

The PTMISEA is part of a comprehensive voter-approved transportation bond investment package designed to help advance important goals and policies, including protecting the environment and public health, conserving energy, reducing congestion, and providing alternative mobility and access choices for Californians. Projects funded from the PTMISEA shall help advance the State's policy goals of providing mobility choices for all residents, reducing congestion, and protecting the environment. In the PTMISEA, $400 million is specifically set aside for intercity passenger rail improvements as stated in paragraph (2) of subdivision (f) of section 8879.23 of the Government Code.

INTERCITY PASSENGER RAIL PROGRAM GOALS

The goals of the Department's intercity passenger rail capital program are:

- Expand capacity on existing routes for increased frequencies, reliability, and on-time performance. (Existing routes are the Pacific Surfliners, San Joaquins, and Capitol Corridor.)
- Reduce train running times.
- Improve equipment, stations, facilities and multi-modal connectivity.
- Increase farebox ratio to reach or exceed 50 percent.
- Improve the safety of intercity rail service, including grade crossings.
- Implement projects to allow cost-effective new routes.

GUIDELINES FOR INTERCITY PASSENGER RAIL PROJECTS IN THE PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT

INTERCITY PASSENGER RAIL CAPITAL DEVELOPMENT PROGRAM PROCESS

The Department uses a sequential planning and programming process to develop its intercity rail passenger capital program that is comparable to the process used by regional agencies and the Department to develop the Regional Transportation Improvement Program (RTIP) and the Interregional Transportation Improvement Program (ITIP). The three program plans that document this planning to programming process, including the refinement of the intercity passenger rail capital program from a fiscally unconstrained to a constrained level are: Corridor Strategic Business Plans, the 10-year California State Rail Plan, and fiscally constrained capital programs from specific fund sources [such as the State Transportation Improvement Program (STIP) and the Traffic Congestion Relief Program (TCRP)].

The first step is the development of Corridor Strategic Business Plans (Plans) that are vision documents that establish long-term performance goals for a corridor. These goals are used to develop a high level capital project program (included in the Plans). Next, the projects are further refined for inclusion in the ten-year unconstrained capital program that is included in the Department's Ten Year "California State Rail Plan." Projects for the Rail Plan are evaluated using general project criteria. The next step is at a fiscally constrained level, and determines which projects are the most critical and should move forward based on fiscal funding constraints. A set of final project selection criteria is used to choose projects for specific funding programs (STIP, Proposition 1B bonds, etc).

To develop the Proposition 1B Intercity Passenger Rail list, projects are assessed specific criteria listed below:

- Whether the project will provide an immediate and clear positive impact to rail service, including if the project is necessary in order to relieve existing safety conditions, is necessary to preserve the value of existing capital improvements, and will address existing intercity passenger rail demand (for example, additional coaches are necessary to alleviate overcrowding at peak periods).

- The total Proposition 1B project list should provide an emphasis on existing and potential ridership and revenue gains in conjunction with providing geographic equity among the three intercity rail corridors, (the Pacific Surfliners, San Joaquins and Capitol Corridor).

- Whether a project is a high priority, high cost project that would be difficult to fund through the regular STIP process.

- Whether efficiencies will be gained by grouping certain projects together (for example, instead of funding a single siding, funding multiple sidings to achieve double track stretches).

- Current status of funding for ongoing and programmed intercity passenger rail capital projects, including: the status of STIP funding and any changes in availability of state funds resulting from changes in law or anticipated revenue flows, etc.

- Given the severely constrained availability of State funds for intercity passenger rail projects, serious consideration is given to whether the project leverages funds from another source (for example, a locally sponsored station project being fully funded from non-state sources).

- Whether a project maximizes joint benefits for commuter and freight partners.

PROPOSITION 1B INTERCITY PASSENGER RAIL PROJECT LIST

The Department shall develop a list of intercity passenger rail projects to be funded from $400 million in PTMISEA funds based on the process described above. This list shall be approved by the California Transportation Commission (Commission).

The Department shall return to the Commission to request formal approval to modify the projects on the list, as well as their scope. This is because project eligibility determinations and guidelines for other bond programs where intercity rail projects may be eligible for funding have not yet been determined. Thus, some projects on this list may become eligible for other bond programs. Also, the Department may need to fund high priority rail projects from bonds in lieu of using STIP funds, as a result of potential changes in availability of State transportation funds.

ALLOCATION PROCESS FOR PROPOSITION 1B INTERCITY PASSENGER RAIL CAPITAL PROJECTS

The Commission will approve allocations for intercity passenger rail capital projects on the Proposition 1B Intercity Passenger Rail Project List. Allocation requests will be made for each phase of a project, and each phase will be a fully funded segment and produces independent utility.

Each allocation request shall use the allocation request document packet currently submitted for intercity passenger rail STIP project allocation requests and will include:

- A schedule for completion of the project including project delivery milestones. These include start and completion dates for environmental clearance, land acquisition, design, construction bid award, construction completion, equipment acquisition, and project closeout as applicable. This schedule should show that the funds can be encumbered within three years of the allocation.

- A project funding plan identifying the sources of funding, including federal, local, private, and state funds committed for the project.

PROJECT ACCOUNTABILITY

Governor's Executive Order S-02-07
Each project must meet the front-end, in-process, and follow-up accountability requirements of the Governor's Executive Order S-02-07, as found at: http://www.bondaccountability.ca.gov/Executive_Order/

Quarterly Bond Report

The Department shall report on a quarterly basis to the California Transportation Commission (CTC) on the allocation status of the Proposition 1B Intercity Passenger Rail Projects as part of the Department's Quarterly Delivery Report.