

BILL: AB 1113 (Bloom, D-Santa Monica)
Introduced February 17, 2017

SUBJECT: AB 1113 would clarify provisions of existing law pertaining to the administration of the State Transit Assistance Program to ensure greater consistency in the reporting of revenues under the program, the removal of outdated program provisions, and resolve outstanding program ambiguities.

STATUS: Pending in the Assembly

SUMMARY AS OF February 27, 2017:

AB 1113 (Bloom, D-Santa Monica) would revise several provisions of existing law that govern the administration of the State Transit Assistance Fund (STA) under the Transportation Development Act (TDA), and the allocation of revenues provided to the program through the sales tax on diesel fuel, to the state's transit operators. Traditionally, STA has been governed by formula under the Public Utilities Code, where 50 percent of program funds are allocated by the State Controller's Office (SCO) to regional transportation agencies based on the region's population relative to population of the state, for sub-allocation to the transit operators within the regional agency's jurisdiction. The remaining 50 percent is distributed by the SCO to each transit operator in a region based on the operator's ratio of locally-generated revenue, relative to the locally-generated revenues of all transit operators in the state. Existing TDA law traditionally defined a transit operator eligible for STA funding as an agency who provides transportation services that are open to the general public, and for which a fare is collected for that service.

Last year, however, as a result of inquiries made by various planning agencies seeking greater clarification of what defined a transit operator and a claimant under STA law, SCO reexamined its interpretation of existing STA governing statutes. As a result of this exercise, SCO, without transit agency consultation, implemented a new interpretation of STA statutes that impacted the administration of the program, and the program's funding allocations to the state's transit operators. Specifically, the interpretation resulted in regional transportation agencies being responsible for the sub-allocation of all of the STA funds the region's transit operators were entitled to, rather than just the 50 percent of the funds it had been traditionally responsible for. Also, SCO's reinterpretation added more than 100 new transit entities to the list of operators that could receive STA funding, an action that greatly impacted the calculation of STA revenue shares for some agencies. Several transit agencies experienced dramatic reductions in the share of their STA funding because of these actions. Furthermore, it has been determined that some of the agencies which became newly eligible for STA funding under SCO's interpretation do not meet the accepted definition of public transportation, but rather provide transportation services only available for specific public or private sector clients.

In response to the SCO-STA action, the California Transit Association (CTA) and its member agencies sought to halt the continued implementation of the SCO reinterpretation, so that impacted agencies could develop, in consultation with the SCO, a long-term solution which could mitigate or reverse many of the negative aspects that

resulted from the SCO-STA action, but that would also provide greater safeguards and clarity in the allocation of STA funds going forward. To this end, CTA successfully secured the passage of SB 838 (Chapter 339, Statutes of 2016), which contained provisions that temporarily put on hold, the continued implementation of SCO's revised interpretation of STA governing statutes for two years.

In pursuing a long-term solution to the SCO-STA action, CTA formed an STA Task Force consisting of staff from its member agencies, OCTA being one of them, to develop the framework that would ultimately serve as the legislative vehicle to provide the long-term solution. As part of that process, principles were adopted by the task force to ensure that the distribution of Local Transportation Funds (LTF), and any other provision under TDA not related to STA, would remain unchanged. The goal of the effort was to provide clarification on what agencies may receive STA funds from their regional transportation agencies, and also clarify what revenues are to be reported to the SCO for the purposes of calculating operator STA revenues shares.

Working within the set of principles described above, the task force collectively developed amendments to existing STA governing statutes that would ultimately make up the language of AB 1113. These amendments include:

- Mandating that only transit operators eligible to claim LTF funding under TDA, are eligible to receive STA funds allocated by transportation planning agencies.
- Require operators that receive STA funds directly through the SCO, or through a transportation planning agency to meet requirements that they offer public transportation services that are open to the general public.
- Provide that ineligible operators may receive STA funds but only through a sub-allocation from an STA eligible operator.
- Defines "revenues" as fare revenues, or any other revenues used by an operator in the delivery of transit service, that are not federal or state funds. The bill also clarifies that capital expenditures are not to be considered, or reported as, qualifying revenues.
- Provides that qualifying revenue shall not exceed an operator's reported expenses, and that operating expenses not include transfers from an operating budget to a capital account.
- Prohibits STA funds from being directly allocated to LTF eligible claimants for transit services that are not open to the general public.
- In relation to population-based STA funding allocations, AB 1113 requires the allocations to be based on a report provided by the California Department of Transportation that is to be based on population estimates provided by the California Department of Finance.

EFFECTS ON ORANGE COUNTY:

While OCTA serves as both the transportation planning agency, and the primary operator of public transit in Orange County, OCTA and its STA funding shares were minimally impacted when the SCO reinterpreted existing STA governing statutes. However, as STA funds continue to decline due to greater fuel efficient vehicles, it is imperative that

safeguards be implemented where possible that ensure that when STA funds are made available, only be expended on services that they were intended to support. In that vein, the provisions of AB 1113 will provide greater clarification and more efficient safeguards to ensure the appropriate expenditure of STA program funds are reported going forward, and provide greater accuracy and accountability for revenues reported under the program.

AB 1113 will also mitigate some notable reporting errors and oversights discovered by the STA task force over the course of its efforts. Some of these mistakes included: double-counting of reported revenues, and instances where capital expenditures were mistakenly reported as operation revenues. While these practices were not malicious in nature, and had no effect on STA revenue shares, the practices continued to occur due to antiquated and ambiguous processes in the SCO reporting requirements. To address this, provisions in AB 1113 were drafted in consultation with SCO to remedy these administrative and reporting challenges. The adoption of these provisions will ensure more accurate and manageable revenue reporting practices for the STA program.

A support position is consistent with the OCTA 2017-18 State Legislative Platform's principles to support program reforms to realign administrative rules, farebox recovery requirements, and various exclusions under the State Transit Assistance Program.

OCTA POSITION:

Staff recommends: SUPPORT

ASSEMBLY BILL

No. 1113

Introduced by Assembly Member Bloom

February 17, 2017

An act to amend Sections 99312, 99312.1, 99312.7, 99313, 99313.1, 99313.3, 99313.6, 99313.7, 99314, 99314.1, 99314.2, 99314.3, 99314.4, 99314.5, and 99314.6 of, and to repeal and add Section 99312.2 of, the Public Utilities Code, relating to public transit.

LEGISLATIVE COUNSEL'S DIGEST

AB 1113, as introduced, Bloom. State Transit Assistance program.

Existing law requires the transfer of a specified portion of the sales tax on diesel fuel, in addition to various other revenues, to the Public Transportation Account, a trust fund in the State Transportation Fund. Existing law requires funds in the account to be allocated to various public transportation and transportation planning purposes, with specified revenues in the account to be allocated by the Controller to specified local transportation agencies for public transportation purposes, pursuant to the State Transit Assistance (STA) program. Existing law requires STA funds to be allocated by formulas based 50% on population and 50% on transit operator revenues.

This bill would revise and recast the provisions governing the STA program. The bill would provide that only STA-eligible operators, as defined, are eligible to receive an allocation from the portion of program funds based on transit operator revenues. The bill would provide for each STA-eligible operator within the jurisdiction of the allocating local transportation agency to receive a proportional share of the revenue-based program funds based on the qualifying revenues of that operator, as defined. The bill would revise the duties of the Controller

and the Department of Transportation in administering the program. The bill would make various other conforming changes and would delete obsolete provisions.

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. Section 99312 of the Public Utilities Code is
2 amended to read:

3 99312. Except as provided in Sections 99311 and 99311.5, and
4 Sections 6051.8 and 6201.8 of the Revenue and Taxation Code,
5 ~~and except as otherwise provided in subdivisions (d) and (e),~~ the
6 funds in the account shall be made available for the following
7 purposes:

8 (a) Fifty percent for purposes of Section 99315, subject to
9 appropriation by the Legislature.

10 (b) To the Controller, 25 percent for allocation to transportation
11 ~~planning agencies, county transportation commissions, agencies~~
12 ~~and the San Diego Metropolitan Transit Development Board~~
13 ~~pursuant to Section 99314. Commencing with the 2011-12 fiscal~~
14 ~~year, these 99314, for the purposes of the State Transit Assistance~~
15 ~~program. These funds are hereby continuously appropriated for~~
16 ~~purposes of this subdivision. these purposes.~~

17 (c) To the Controller, 25 percent for allocation to transportation
18 ~~agencies, county transportation commissions, planning agencies~~
19 ~~and the San Diego Metropolitan Transit Development Board for~~
20 ~~purposes of pursuant to Section 99313. Commencing with the~~
21 ~~2011-12 fiscal year, these 99313, for the purposes of the State~~
22 ~~Transit Assistance program. These funds are hereby continuously~~
23 ~~appropriated for purposes of this subdivision. these purposes.~~

24 (d) ~~(1) For the 2009-10 fiscal year, notwithstanding any other~~
25 ~~provision of this section or any other provision of law, the sum of~~
26 ~~four hundred million dollars (\$400,000,000) is hereby appropriated~~
27 ~~from the account to the Controller for immediate allocation~~
28 ~~pursuant to paragraph (2). These funds are intended to cover the~~
29 ~~two-year period of the 2009-10 and 2010-11 fiscal years. The~~
30 ~~remaining funds in the account subject to this section shall be~~
31 ~~available for the purposes of Section 99315, subject to~~
32 ~~appropriation by the Legislature.~~

1 ~~(2) (A) Fifty percent of the amount appropriated to the~~
2 ~~Controller pursuant to paragraph (1) shall be allocated to~~
3 ~~transportation planning agencies, county transportation~~
4 ~~commissions, and the San Diego Metropolitan Transit Development~~
5 ~~Board pursuant to Section 99314.~~

6 ~~(B) Fifty percent of the amount appropriated to the Controller~~
7 ~~pursuant to paragraph (1) shall be allocated to transportation~~
8 ~~planning agencies, county transportation commissions, and the~~
9 ~~San Diego Metropolitan Transit Development Board pursuant to~~
10 ~~Section 99313.~~

11 ~~(c) For the 2010-11 fiscal year, notwithstanding any other~~
12 ~~provision of this section or any other provision of law, the funds~~
13 ~~in the account subject to this section shall be made available only~~
14 ~~for purposes of Section 99315, subject to appropriation by the~~
15 ~~Legislature.~~

16 SEC. 2. Section 99312.1 of the Public Utilities Code is
17 amended to read:

18 99312.1. Revenues transferred to the Public Transportation
19 Account pursuant to Sections 6051.8 and 6201.8 of the Revenue
20 and Taxation Code are hereby continuously appropriated to the
21 Controller for allocation as follows:

22 (a) Fifty percent for allocation to transportation planning
23 ~~agencies, county transportation commissions, agencies,~~ and the
24 San Diego Metropolitan Transit Development Board pursuant to
25 ~~Section 99314. 99314, for the purposes of the State Transit~~
26 ~~Assistance program.~~

27 (b) Fifty percent for allocation to *transportation* planning
28 ~~agencies, county transportation commissions, agencies~~ and the
29 San Diego Metropolitan Transit Development Board ~~for purposes~~
30 ~~of Section 99313. pursuant to Section 99313, for the purposes of~~
31 ~~the State Transit Assistance program.~~

32 For purposes of this chapter, the revenues allocated pursuant to
33 this section shall be subject to the same requirements as revenues
34 allocated pursuant to subdivisions (b) and (c), as applicable, of
35 Section 99312.

36 SEC. 3. Section 99312.2 of the Public Utilities Code is
37 repealed.

38 ~~99312.2. Notwithstanding any other provision of law,~~
39 ~~twenty-three million dollars (\$23,000,000) is hereby appropriated~~
40 ~~from the Public Transportation Account to the Controller for~~

1 allocation to local agencies for the 2011–12 fiscal year, with eleven
2 million five hundred thousand dollars (\$11,500,000) to be allocated
3 pursuant to Section 99313 and eleven million five hundred
4 thousand dollars (\$11,500,000) to be allocated pursuant to Section
5 99314. For purposes of this chapter, the revenues allocated pursuant
6 to this section shall be subject to the same requirements as revenues
7 allocated pursuant to subdivisions (b) and (c), as applicable, of
8 Section 99312.

9 SEC. 4. Section 99312.2 is added to the Public Utilities Code,
10 to read:

11 99312.2. (a) The State Transit Assistance program, also known
12 as the STA program, which provides for allocations of funds made
13 available from the Public Transportation Account pursuant to
14 Sections 99313 and 99314, and which is governed by Sections
15 99312 to 99314.8, inclusive, is hereby continued in existence. The
16 purpose of the STA program is to provide a source of state funding
17 to eligible public transportation operators and other transportation
18 agencies in order to support their local and regional transit
19 operating and capital needs.

20 (b) For purposes of the STA program, the following terms shall
21 have the following meanings:

22 (1) “Transportation planning agency” has the meaning as defined
23 in Section 99214.

24 (2) “Public transportation operator” has the same meaning as
25 “operator,” as defined in Section 99210, as long as that operator
26 operates a “public transportation system,” as defined in Section
27 99211.

28 (3) “STA-eligible operator” means a public transportation
29 operator eligible to claim local transportation funds under either
30 Article 4 (commencing with Section 99260) or Article 8
31 (commencing with Section 99400), or under both articles.

32 (c) The only entities eligible to receive direct allocations from
33 the Controller under Sections 99313 and 99314 shall be
34 transportation planning agencies and the San Diego Metropolitan
35 Transit Development Board.

36 (d) Only STA-eligible operators shall be eligible to receive STA
37 program funds allocated by transportation planning agencies and
38 the San Diego Metropolitan Transit Development Board pursuant
39 to Section 99314. A STA-eligible operator, at its discretion, may
40 further suballocate funds it receives pursuant to Section 99314 to

1 an entity operating local community transit services that is eligible
2 to claim local transportation funds pursuant to Article 4.5
3 (commencing with Section 99275) but that is otherwise ineligible
4 to directly receive funds allocated pursuant to Section 99314.

5 (e) An entity operating community transit services pursuant to
6 Article 4.5 (commencing with Section 99275) may be allocated
7 funds pursuant to Section 99313 as a subrecipient at the discretion
8 of the transportation planning agency or the San Diego
9 Metropolitan Transit Development Board.

10 (f) The Los Angeles County Metropolitan Transportation
11 Authority, which is both a transportation planning agency for
12 purposes of Sections 99313 and 99314, and an STA-eligible
13 operator for purposes of Section 99314, may incorporate into its
14 report pursuant to Section 99243 any operating costs for local
15 community transit service under contract with the authority,
16 including service provided by a consolidated transportation service
17 agency pursuant to Section 99204.5 or by operators eligible to
18 expend local transportation funds only under Article 4.5
19 (commencing with Section 99275).

20 SEC. 5. Section 99312.7 of the Public Utilities Code is
21 amended to read:

22 99312.7. (a) Not later than each January 31st, *for purposes of*
23 *the State Transit Assistance program*, the Controller shall *compute,*
24 *publish, and* send to each transportation planning agency ~~and~~
25 ~~county transportation commission,~~ and the San Diego Metropolitan
26 Transit Development Board, *Board* an estimate of the amount of
27 funds *from subdivisions (b) and (c) of Section 99312 and Section*
28 *99312.1* to be allocated to it during the next fiscal year pursuant
29 to Sections 99313 and 99314.

30 (b) Not later than each August 1st, on the basis of the ~~amount~~
31 ~~appropriated in the Budget Act~~ *amounts continuously appropriated*
32 *pursuant to subdivisions (b) and (c) of Section 99312 and Section*
33 *99312.1 for the applicable fiscal year* for purposes of Sections
34 99313 and 99314, the Controller shall *compute, publish, and* send
35 to each ~~of the entities~~ *transportation planning agency and the San*
36 *Diego Metropolitan Transit Development Board* ~~an estimate of~~
37 the amount of funds to be allocated to it during the fiscal year.

38 (c) ~~No notification shall be required for a fiscal year if funding~~
39 ~~for Sections 99313 and 99314 allocations is suspended pursuant~~
40 ~~to subdivision (f) of Section 99312 or any other provision of law.~~

1 (c) *The Controller, along with the actions taken pursuant to*
2 *subdivisions (a) and (b), with respect to the allocations under*
3 *Section 99314, shall also compute, publish, and send to each*
4 *transportation planning agency and the San Diego Metropolitan*
5 *Transit Development Board the share of funds corresponding to*
6 *each STA-eligible operator within the jurisdiction of each agency*
7 *and board.*

8 SEC. 6. Section 99313 of the Public Utilities Code is amended
9 to read:

10 99313. (a) From the funds made available pursuant to
11 subdivision (c) of Section 99312 *and subdivision (b) of Section*
12 *99312.1*, an amount shall be allocated by the Controller to each
13 transportation planning agency ~~and county transportation~~
14 ~~commission~~, and the San Diego Metropolitan Transit Development
15 ~~Board~~, Board based on the ratio of the population of the area under
16 its jurisdiction to the total population of the state. *The Controller*
17 *shall base these allocations on a report prepared by the*
18 *Department of Transportation. On or before June 30 of each year,*
19 *the Department of Transportation shall prepare and submit to the*
20 *Controller a report detailing the population of each transportation*
21 *planning agency and the San Diego Metropolitan Transit*
22 *Development Board. For the purpose of this report, the Department*
23 *of Transportation shall use the most recent population estimates*
24 *of the Department of Finance and the information provided*
25 *pursuant to subdivision (b).*

26 (b) *To assist the Department of Transportation in determining*
27 *the populations of the San Diego Metropolitan Transit*
28 *Development Board, the San Diego Association of Governments,*
29 *the El Dorado County Transportation Commission, the Placer*
30 *County Transportation Planning Agency, and the Tahoe Regional*
31 *Planning Agency for the purpose of subdivision (c) of Section*
32 *99312 and subdivision (b) of Section 99312.1, each of those*
33 *entities, on or before June 1st of each year, shall provide the*
34 *department with the population of its respective jurisdiction using*
35 *the most recent population estimates of the Department of Finance.*

36 SEC. 7. Section 99313.1 of the Public Utilities Code is
37 amended to read:

38 99313.1. (a) A transportation planning agency, ~~a county~~
39 ~~transportation commission~~, or the San Diego Metropolitan Transit
40 Development Board may transfer any funds that it receives

1 pursuant to Section 99313 to another transportation planning
2 agency, ~~county transportation commission~~, or the San Diego
3 Metropolitan Transit Development Board. *Board, as applicable.*
4 Any funds transferred pursuant to this section shall be used only
5 for the purposes authorized by this chapter and are subject to all
6 statutes and rules and regulations applicable to funds allocated
7 pursuant to Section 99313.

8 (b) If one transfer has been completed between a transportation
9 planning agency, ~~a county transportation commission~~, or the San
10 Diego Metropolitan Transit Development Board, pursuant to this
11 section, no other transfer may be made between the same parties.

12 (c) In the event of a transfer of funds to the Los Angeles County
13 Metropolitan Transportation Authority pursuant to this section,
14 the amount of that transfer, if any, which exceeds the amount of
15 funds transferred at that time by the Los Angeles County
16 Metropolitan Transportation Authority to the transferring
17 transportation planning agency, ~~county transportation commission~~,
18 or the San Diego Metropolitan Transit Development Board, may
19 not be used for the purpose of funding an exclusive public mass
20 transit guideway system project. The Los Angeles County
21 Metropolitan Transportation Authority shall report to the Senate
22 Committee on Transportation and Housing and the Assembly
23 Committee on Transportation on the expenditure of any funds
24 received by it pursuant to a transfer made pursuant to this section.

25 SEC. 8. Section 99313.3 of the Public Utilities Code is
26 amended to read:

27 99313.3. The amount received by each transportation planning
28 agency and ~~county transportation commission~~, and the San Diego
29 Metropolitan Transit Development Board, pursuant to Sections
30 99313 and 99314, shall be allocated for public transportation
31 ~~purposes, including community transit services.~~ *purposes. Pursuant*
32 *to subdivision (d) of Section 99312.2, funds received pursuant to*
33 *Section 99314 may be allocated only to STA-eligible operators.*
34 Funds received pursuant to Section 99314 may be expended by
35 *STA-eligible operators* for community transit services pursuant to
36 ~~Section 99275. 99275, including payments or allocations to entities~~
37 *eligible to claim local transportation funds under Article 4.5*
38 *(commencing with Section 99275). Notwithstanding anything to*
39 *the contrary in this section, Section 99285 shall continue to apply*
40 *in the County of Los Angeles.*

1 SEC. 9. Section 99313.6 of the Public Utilities Code is
2 amended to read:

3 99313.6. (a) ~~Except as provided in subdivision (b), each~~ *Each*
4 ~~transportation planning agency and county transportation~~
5 ~~commission, and the San Diego Metropolitan Transit Development~~
6 ~~Board, Board~~ shall create a state transit assistance fund and deposit
7 therein the funds allocated to it pursuant to Sections 99313 and
8 ~~99314 for 99314. The funds attributable to Section 99313 shall be~~
9 ~~allocated for allocations to operators, and to claimants public~~
10 ~~transportation purposes, including for the purposes specified in~~
11 ~~community transit services pursuant to Section 99275 and in~~
12 ~~subdivisions (b), (c), (d), and (e) of Section 99400, within the area~~
13 ~~on which its allocation was determined. 99275. Pursuant to~~
14 ~~subdivision (d) of Section 99312.2, the funds attributable to Section~~
15 ~~99314 shall be allocated only to STA-eligible operators for public~~
16 ~~transportation purposes.~~

17 (b) From funds allocated to it pursuant to Sections 99313 and
18 99314, the Los Angeles County Metropolitan Transportation
19 Authority may allocate funds to itself for the planning, design, and
20 construction of an exclusive public mass transit guideway system.

21 (c) An allocation of funds from a state transit assistance fund
22 for a transit capital project may be used for the payment of the
23 principal of, and interest on, equipment trust certificates, bonded
24 or other indebtedness, or in accomplishment of a defeasance of
25 any outstanding revenue bond indenture issued for that project.

26 (d) From funds allocated to it pursuant to Section 99313, the
27 Metropolitan Transportation Commission may allocate funds to
28 itself for projects to achieve regional transit coordination
29 objectives.

30 (e) From funds allocated to the Metropolitan Transportation
31 Commission pursuant to Section 99313, upon a request of the
32 Solano Transportation Authority, the commission may allocate an
33 amount of funds to the authority for public transportation purposes,
34 including countywide transit planning and coordination relative
35 to Solano County.

36 SEC. 10. Section 99313.7 of the Public Utilities Code is
37 amended to read:

38 99313.7. A public agency authorized to file claims with the
39 transportation planning agency and expend funds pursuant to
40 Section 99234.5, 99234.7, or 99234.9 may also file claims; receive

1 ~~allocations, allocations and expend state transit assistance STA~~
2 ~~program funds made available pursuant to Sections 99313 and~~
3 ~~99314. Section 99313.~~

4 SEC. 11. Section 99314 of the Public Utilities Code is amended
5 to read:

6 99314. (a) From funds made available pursuant to subdivision
7 (b) of Section 99312 *and subdivision (a) of Section 99312.1*, an
8 amount shall be allocated by the Controller to each transportation
9 planning agency ~~and county transportation commission~~; and the
10 San Diego Metropolitan Transit Development Board. ~~Board.~~ The
11 allocation shall include an amount corresponding to each of the
12 member agencies of the Altamont Commuter Express Authority
13 and the Southern California Regional Rail Authority. The amount
14 of funds allocated shall be based on the ratio of the total revenue
15 of all the operators and the member agencies of the Altamont
16 Commuter Express Authority and the Southern California Regional
17 Rail Authority in the area under their respective jurisdictions during
18 the prior fiscal year to the total revenue of all the operators in the
19 state and the member agencies of the Altamont Commuter Express
20 Authority and the member agencies of the Southern California
21 Regional Rail Authority during the prior fiscal year. *the*
22 *STA-eligible operators within the jurisdiction of each*
23 *transportation planning agency and the San Diego Metropolitan*
24 *Transit Development Board. The amount allocated to a*
25 *transportation planning agency and the San Diego Metropolitan*
26 *Transit Development Board shall be based on the ratio that the*
27 *total qualifying revenue of all STA-eligible operators in the area*
28 *under jurisdiction of the agency or board bears to the total*
29 *qualifying revenue of all STA-eligible operators in the state.*

30 (b) For purposes of this section and Section 99314.3, ~~“revenue”~~
31 *“qualifying revenue” means fare revenues revenues, including*
32 *fares generated for community transit services under contract with*
33 *the STA-eligible operator; and any other funds used by the operator*
34 *for its transit operation, and the revenue that is derived from*
35 *operating as a member of the authority pursuant to Section 99314.1;*
36 *except federal and state funds which may only be used for*
37 *transportation purposes and funds allocated pursuant to Section*
38 *99233. The revenue amount for each operator shall be determined*
39 *from the annual report submitted to the Legislature by the*
40 *Controller pursuant to Section 99243.5. The revenue amount for*

1 each member agency of the Altamont Commuter Express Authority
2 and the Southern California Regional Rail Authority shall be
3 determined by the revenues reported to the Controller by the
4 respective authorities in accordance to subdivision (b) of Section
5 99314.1 and subdivision (b) of Section 99314.2, respectively. *in*
6 *the delivery of transit service, except federal and state funds. The*
7 *revenue amount for each STA-eligible operator shall be determined*
8 *from the annual report submitted to the Controller pursuant to*
9 *Section 99243. Revenue used for capital expenditures or*
10 *depreciation shall not constitute qualifying revenue. The revenue*
11 *share for the Altamont Corridor Express and the Southern*
12 *California Regional Rail Authority shall be determined by the*
13 *qualifying revenues reported to the Controller in accordance with*
14 *subdivision (b) of Section 99314.1 and subdivision (b) of Section*
15 *99314.2, respectively. A STA-eligible operator has qualifying*
16 *revenue beginning on the date when it commences revenue*
17 *passenger service.*

18 ~~(e) For the purposes of this section, any reference to the~~
19 ~~“Altamont Commuter Express Authority” shall be construed to~~
20 ~~include a reference to any entity that is a successor to the authority.~~

21 *(c) The Controller shall determine allocation amounts pursuant*
22 *to this section based on the qualifying revenue reported two years*
23 *prior to the fiscal year in which the funds are allocated.*

24 *(d) Qualifying revenue for a given fiscal year shall not exceed*
25 *a STA-eligible operator’s annual operating expenses, as reported*
26 *to the Controller. Operating expenses include, but are not limited*
27 *to, the direct cost of operating transit service, payments by the*
28 *STA-eligible operator for community transit service provided by*
29 *entities that are not eligible to receive funds directly pursuant to*
30 *subdivision (d) of Section 99312.2, administrative costs, and*
31 *routine maintenance. Operating expenses do not include transfers*
32 *from an operating budget to a capital account.*

33 *(e) For the purpose of allocating funds pursuant to this section,*
34 *Section 99314.1, and 99314.2, “STA-eligible operator” includes*
35 *the Altamont Corridor Express and the Southern California*
36 *Regional Rail Authority. The revenue share for these operators*
37 *shall be based on the qualifying revenue used to operate the*
38 *systems consistent with subdivision (b), including fares and the*
39 *amounts contributed by the parties to the cooperative service*
40 *agreement in the case of the Altamont Corridor Express, and by*

1 *the member agencies in the case of the Southern California*
2 *Regional Rail Authority.*

3 (f) *Funds allocated by the Controller to a transportation*
4 *planning agency or the San Diego Metropolitan Transit*
5 *Development Board pursuant to this section shall be allocated by*
6 *the agency or board to STA-eligible operators pursuant to Section*
7 *99314.3.*

8 (g) *A STA-eligible operator receiving funds under this section*
9 *shall submit to the Controller an audited Transit Operators'*
10 *Financial Transaction Report within 180 days following the end*
11 *of each fiscal year. Submission of the report is a requirement to*
12 *receive funds under this section. However, the Controller may*
13 *exempt STA-eligible operators with revenue of less than ten million*
14 *dollars (\$10,000,000) in annual revenues from the audit*
15 *requirement.*

16 SEC. 12. Section 99314.1 of the Public Utilities Code is
17 amended to read:

18 99314.1. (a) For purposes of this section, the following terms
19 have the following meanings:

20 (1) The ~~"Altamont-Commuter-Express-Authority"~~ *Corridor*
21 *Express"* or the "authority" is the joint powers agency duly formed
22 pursuant to Article 1 (commencing with Section 6500) of Chapter
23 5 of Division 7 of Title 1 of the Government Code, by and between
24 the Alameda Congestion Management Agency, the Santa Clara
25 Valley Transportation Authority, and the San Joaquin Regional
26 Rail Commission. Any reference to the ~~"Altamont-Commuter~~
27 ~~Express-Authority"~~ *Corridor Express"* or the "authority" shall be
28 construed to include a reference to any entity that is a successor
29 to the authority.

30 (2) ~~"Revenue"~~ *"Qualifying revenue"* means *qualifying* revenue,
31 as defined in subdivision (b) of Section 99314, that is derived from
32 operating as a member agency of the authority.

33 ~~(b) The Altamont-Commuter-Express-Authority authority~~ shall
34 report to the Controller, for each fiscal year, the ratio that the
35 *qualifying* revenue of each member agency of the authority during
36 the prior fiscal year bears to the total *qualifying* revenue of the
37 authority during that fiscal year.

38 (c) (1) From funds made available pursuant to subdivision (b)
39 of Section ~~99312~~; *99312 and subdivision (a) of Section 99312.1*,
40 the Controller shall allocate to *the transportation planning agency*

1 *an amount for each member agency of the authority—~~an amount~~*
2 *that is based on the ratio provided under subdivision (b). (b), for*
3 *allocation pursuant to subdivision (c) of Section 99314.3.*

4 (2) The allocation set forth in paragraph (1) shall be in addition
5 to any other allocation provided under this article.

6 (3) Allocations made under this section shall be used only for
7 *STA program* purposes authorized under this chapter.

8 SEC. 13. Section 99314.2 of the Public Utilities Code is
9 amended to read:

10 99314.2. (a) For purposes of this section, the following terms
11 have the following meanings:

12 (1) The “Southern California Regional Rail Authority” or the
13 “authority” is that joint powers authority described in Section
14 14072 of the Government Code and includes any additional
15 agencies that may join the authority under Section 14072.2 of that
16 code.

17 (2) ~~“Revenue”~~ “*Qualifying revenue*” means *qualifying* revenue,
18 as defined in subdivision (b) of Section 99314, that is derived from
19 operating as a member agency of the authority.

20 (b) The Southern California Regional Rail Authority shall report
21 to the Controller, on an annual basis, the ratio that the *qualifying*
22 revenue of each member agency of the authority during the prior
23 fiscal year bears to the total *qualifying* revenue of the authority
24 during that fiscal year.

25 (c) (1) From funds made available pursuant to subdivision (b)
26 of Section ~~99312~~, *99312 and subdivision (a) of Section 99312.1*,
27 the Controller shall allocate *to the transportation planning agency*
28 *an amount for each member agency of the authority—~~an amount~~*
29 *that is based on the ratio provided under subdivision (b). (b), for*
30 *allocation pursuant to subdivision (c) of Section 99314.3.*

31 (2) The allocation set forth in paragraph (1) shall be in addition
32 to any other allocation provided under this article.

33 (3) Allocations made under this section shall be used only for
34 *STA program* purposes authorized under this chapter.

35 SEC. 14. Section 99314.3 of the Public Utilities Code is
36 amended to read:

37 99314.3. (a) The amount ~~received by~~ *allocated to* each
38 transportation planning agency ~~and county transportation~~
39 ~~commission~~, and the San Diego Metropolitan Transit Development
40 ~~Board~~, *Board* pursuant to Section 99314 shall be allocated *by those*

1 ~~entities to the operators~~ *STA-eligible operators in the area of its*
2 ~~jurisdiction; their respective jurisdictions.~~

3 *(b) The amount allocated by a transportation planning agency*
4 *and the board to each STA-eligible operator pursuant to Section*
5 *99314 shall be based on the ratio that the operator's qualifying*
6 *revenue bears to the total qualifying revenue of all STA-eligible*
7 *operators within the area of jurisdiction of the transportation*
8 *planning agency or board. The Controller shall publish the share*
9 *of funds corresponding to each STA-eligible operator as well as*
10 *the total amount to be allocated to each transportation planning*
11 *agency or board.*

12 ~~(b)~~

13 *(c) The amount of funds allocated by the Controller to a*
14 *transportation planning agency corresponding to each of the*
15 ~~*member agencies the parties to the cooperative service agreement*~~
16 ~~*of the Altamont Commuter Corridor Express Authority and the*~~
17 ~~*member agencies of the Southern California Regional Rail*~~
18 ~~*Authority, pursuant to Section 99314, shall be allocated by the*~~
19 ~~*transportation planning agency having jurisdiction over the member*~~
20 ~~*agency's area, in the jurisdiction of the parties to the cooperative*~~
21 ~~*services agreement or the member agency's area for STA program*~~
22 ~~*purposes authorized in this chapter. The allocation shall be based*~~
23 ~~*on the ratio of that the qualifying revenues of each of the member*~~
24 ~~*agencies and of all the operators during the prior fiscal year within*~~
25 ~~*the area of jurisdiction of the allocating agency, commission, or*~~
26 ~~*board as the case may be. bear to the qualifying revenue of all*~~
27 ~~*STA-eligible operators.*~~

28 ~~*(e) The amount allocated to each operator pursuant to this*~~
29 ~~*section shall be based on the ratio of its revenue of all the*~~
30 ~~*operations and the member agencies of the Altamont Commuter*~~
31 ~~*Express Authority and the member agencies of the Southern*~~
32 ~~*California Rail Authority during the prior fiscal year to the total*~~
33 ~~*revenue of all the operators during the prior fiscal year within the*~~
34 ~~*area of jurisdiction of the allocating agency, commission, or board,*~~
35 ~~*as the case may be.*~~

36 *(d) For purposes of subdivision (a), the City and County of San*
37 *Francisco with respect to its municipal railway system, the*
38 *Alameda-Contra Costa Transit District, and the San Francisco Bay*
39 *Area Rapid Transit District shall be considered one operator. The*
40 *amount allocated to them as one operator shall be apportioned to*

1 each of them based on the ratio of its revenue to the sum of their
2 revenues, excluding from the determination of that ratio the amount
3 allocated to each of them pursuant to Section 29142.2.

4 SEC. 15. Section 99314.4 of the Public Utilities Code is
5 amended to read:

6 99314.4. (a) An operator in an urbanized area having a
7 population of less than 200,000 persons may elect to participate
8 in the funding exchange program authorized by this subdivision.
9 An operator electing to participate in the funding exchange program
10 shall give notice to the director and shall indicate the amount of
11 funds which it wants allocated for the funding exchange program.

12 From funds that would otherwise be allocated to an operator
13 ~~pursuant to Sections 99313.3, 99314, and 99314.3, under the State~~
14 *Transit Assistance Program*, an amount so designated by the
15 participating operator shall be allocated to the department for
16 transfer pursuant to an agreement between the department and the
17 State of Arizona whereby California can receive federal mass
18 transportation funds originally apportioned to the State of Arizona.

19 The department shall allocate the federal mass transportation
20 funds so received to each participating operator in the same
21 proportion as the operator contributed to the funding exchange
22 program. Funds so received shall be used only for the purposes
23 ~~authorized by this chapter of the State Transit Assistance Program~~
24 and are subject to all statutes and rules and regulations applicable
25 to funds allocated pursuant to Sections 99313 and 99314.

26 The Legislature finds and declares that the exchange of state
27 funds for federal mass transportation funds authorized by this
28 section will result in a net increase in the total amount of funds to
29 be available to the participating operators.

30 (b) ~~A transportation planning agency, county transportation~~
31 ~~commission, or transit development board~~ *Agency or the San Diego*
32 *Metropolitan Transit Development Board* may authorize ~~an~~
33 ~~operator a STA-eligible operator~~ under its jurisdiction to exchange
34 funds allocated to it pursuant to Section ~~99314.3~~ *99314* for funds
35 made available pursuant to Section 99231. Any funds allocated
36 pursuant to Section ~~99314.3~~ *99314* that are exchanged pursuant
37 to this ~~subdivision~~ *section* shall only be available to other operators
38 *STA-eligible operators* and shall be used for ~~the STA program~~
39 purposes authorized by this chapter and are subject to all statutes
40 and rules and regulations applicable to funds allocated pursuant

1 to Section ~~99314.3~~. *99314*. Exchanges pursuant to this subdivision
2 *section* shall be on a dollar-for-dollar basis.

3 SEC. 16. Section 99314.5 of the Public Utilities Code is
4 amended to read:

5 ~~99314.5. (a) No funds allocated pursuant to Section 99313.3~~
6 ~~or 99314.3 shall be allocated to an operator unless it is eligible for~~
7 ~~allocations under Article 4 (commencing with Section 99260),~~
8 ~~without considering any funds to be allocated to it pursuant to~~
9 ~~those sections, or it is in a county in which funds may be allocated~~
10 ~~for purposes specified in Section 99400.~~

11 ~~(b) No funds allocated pursuant to Section 99313.3 shall be~~
12 ~~allocated to a city or county for the purposes specified in~~
13 ~~subdivisions (b), (c), (d), and (e) of Section 99400 unless it is~~
14 ~~eligible for allocations under Article 8 (commencing with Section~~
15 ~~99400) for those purposes, without considering any funds to be~~
16 ~~allocated to it pursuant to that section.~~

17 (e)

18 *99314.5. (a)* It is the intent of the Legislature that, in allocating
19 ~~the funds, funds available pursuant to Section 99313, the~~
20 ~~transportation planning agencies and the county transportation~~
21 ~~commissions, and the San Diego Metropolitan Transit Development~~
22 ~~Board, Board~~ give priority consideration to ~~claims to offset~~
23 ~~offsetting~~ reductions in federal operating assistance and the
24 unanticipated increase in the cost of fuel, to ~~enhance~~ *enhancing*
25 existing public transportation services, and to ~~meet~~ *meeting*
26 high-priority regional, countywide, or areawide public
27 transportation needs.

28 ~~(d) No funds allocated pursuant to Section 99313.3 or 99314.3~~
29 ~~shall be allocated to a claimant for the purposes specified in Section~~
30 ~~99275 unless it is eligible for allocation under Article 4.5~~
31 ~~(commencing with Section 99275) for those purposes, without~~
32 ~~considering any funds to be allocated to it pursuant to those~~
33 ~~sections.~~

34 (e)

35 (b) Nothing in this section shall be construed to prohibit, or
36 limit the ability of, a public transit operator to do the following:

37 (1) Contract with common carriers of persons operating under
38 a franchise or license.

39 (2) Employ part-time drivers.

1 SEC. 17. Section 99314.6 of the Public Utilities Code is
2 amended to read:

3 99314.6. (a) Except as provided in Section 99314.7, the
4 following eligibility standards apply:

5 (1) Except as provided in paragraph (3), funds shall be allocated
6 for operating or capital purposes pursuant to Sections 99313 and
7 99314 to an operator if the operator meets either of the following
8 efficiency standards:

9 (A) The operator shall receive its entire allocation, and any or
10 all of this allocation may be used for operating purposes, if the
11 operator's total operating cost per revenue vehicle hour in the latest
12 year for which audited data are available does not exceed the sum
13 of the preceding year's total operating cost per revenue vehicle
14 hour and an amount equal to the product of the percentage change
15 in the Consumer Price Index for the same period multiplied by the
16 preceding year's total operating cost per revenue vehicle hour.

17 (B) The operator shall receive its entire allocation, and any or
18 all of this allocation may be used for operating purposes, if the
19 operator's average total operating cost per revenue vehicle hour
20 in the latest three years for which audited data are available does
21 not exceed the sum of the average of the total operating cost per
22 revenue vehicle hour in the three years preceding the latest year
23 for which audited data are available and an amount equal to the
24 product of the average percentage change in the Consumer Price
25 Index for the same period multiplied by the average total operating
26 cost per revenue vehicle hour in the same three years.

27 (2) If an operator does not meet either efficiency standard under
28 paragraph (1), the operator shall receive its entire allocation and
29 the funds shall be allocated pursuant to this paragraph. The portion
30 of the allocation that the operator may use for operations shall be
31 the total allocation to the operator reduced by the lowest percentage
32 by which the operator's total operating cost per revenue vehicle
33 hour for the applicable year or three-year period calculated pursuant
34 to subparagraph (A) or (B) of paragraph (1) exceeded the target
35 amount necessary to meet the applicable efficiency standard. The
36 remaining portion of the operator's allocation shall be used only
37 for capital purposes.

38 (3) ~~The transportation planning agency, county transportation~~
39 ~~commission, agency or the San Diego Metropolitan Transit~~
40 ~~Development Board, as the case may be, shall adjust the calculation~~

1 of operating costs and revenue vehicle hours pursuant to paragraph
2 (1) to account for either or both of the following factors:

3 (A) Exclusion of cost increases beyond the change in the
4 Consumer Price Index for fuel; alternative fuel programs; power,
5 including electricity; insurance premiums and payments in
6 settlement of claims arising out of the operator's liability; or state
7 or federal mandates, including the additional operating costs
8 required to provide comparable complementary paratransit service
9 as required by Section 37.121 of Title 49 of the Code of Federal
10 Regulations, pursuant to the federal Americans with Disabilities
11 Act of 1990 (42 U.S.C. Sec. 12101 et seq.), as identified in the
12 operator's paratransit plan pursuant to Section 37.139 of Title 49
13 of the Code of Federal Regulations.

14 (B) Exclusion of startup costs for new services for a period of
15 not more than two years.

16 (b) As used in this section, the following terms have the
17 following meanings:

18 (1) "Operating cost" means the total operating cost as reported
19 by the operator under the uniform system of accounts and records,
20 pursuant to Section 99243 and subdivision (a) of Section 99247.

21 (2) "Revenue vehicle hours" has the same meaning as "vehicle
22 service hours," as defined in subdivision (h) of Section 99247.

23 (3) "Consumer Price Index," as applied to an operator, is the
24 regional Consumer Price Index for that operator's region, as
25 published by the United States Bureau of Labor Statistics. If a
26 regional index is not published, the index for the State of California
27 applies.

28 (4) "New service" has the same meaning as "extension of public
29 transportation services" as defined in Section 99268.8.

30 (c) The restrictions in this section do not apply to allocations
31 made for capital purposes.

32 (d) The exclusion of cost increases described in paragraph (3)
33 of subdivision (a) applies solely for the purpose of calculating an
34 operator's eligibility to claim funds pursuant to this section and
35 does not authorize an operator to report an operating cost per
36 revenue vehicle hour, other than as described in this section and
37 in Section 99247, to any of the following entities:

38 (1) The Controller pursuant to Section 99243.

39 (2) The entity conducting the fiscal audit pursuant to Section
40 99245.

- 1 (3) The entity conducting the performance audit pursuant to
- 2 Section 99246.
- 3 (e) This section shall become operative on July 1, 2016.

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