

Date of Hearing: April 10, 2019

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 1457 (Reyes) – As Introduced February 22, 2019

SUBJECT: Omnitrans Transit District.

SUMMARY: Establishes the Omnitrans Transit District (District) in San Bernardino County. Specifically, **this bill:**

- 1) Creates, within the Public Utilities Code, the Omnitrans District Act (Act) and provides definitions to govern the Act.
- 2) Provides for the formation of the District and establishes its jurisdictional boundaries.
- 3) Specifies that the Omnitrans Joint Powers Authority (JPA) shall be dissolved and that the District shall assume all rights, obligations, property, liabilities, and indebtedness of the JPA.
- 4) Establishes a board of directors that consists of 20 members. Four members are to be appointed from the San Bernardino County Board of Supervisors, and one member from each of its 15 member cities. The Act specifies the board positions and the duties the board must perform.
- 5) Gives the District specific powers, duties, and obligations.
- 6) Authorizes the District to levy a transaction and use tax, subject to certain requirements, at a rate of no more than .5%.
- 7) Requires that before the District can adopt an ordinance to levy a transaction and use tax, the District must first obtain approval, by resolution, from the San Bernardino County Transportation Authority (SBTCA).
- 8) Authorizes the District to set fares for public transit service by resolution.
- 9) Provides that the District can issue revenue bonds consistent with the Revenue Bond Law of 1941.
- 10) Specifies that all employees of the JPA shall be appointed to comparable positions by the District and establishes the rights of the employees.
- 11) Provides for a process for the annexation and detachment of territory to and from the District.
- 12) Authorizes the dissolution of the District with an 80% nonweighted vote of the District board and specifies the process for finalizing the dissolution.
- 13) Specifies that no reimbursement is required pursuant to this bill because the only costs incurred by a local agency are a result of a program for which legislative authority was requested by that local agency.

FISCAL EFFECT: This bill is keyed fiscal and contains a state mandated local program.

COMMENTS:

- 1) **Omnitrans.** Omnitrans is a public transit agency that serves the San Bernardino Valley. Omnitrans currently operates local and express bus routes, as well as a rapid bus transit service, OmniGo hometown shuttle service, and Access, a paratransit service for the disabled. Established in 1976 through a JPA, Omnitrans carries approximately 16 million passengers each year throughout its 480-square mile service area, covering 15 cities and portions of the unincorporated areas of San Bernardino County.
- 2) **Bill summary.** This bill dissolves the existing Omnitrans JPA and creates the District to take over the powers, duties, and obligations of the JPA. This measure establishes the District's board membership and the duties it must perform. This bill gives the District the authority to levy a transaction and use tax, but only if the SBTCA provides its approval by resolution. Also, this bill specifies processes for the detachment of territory from and the dissolution of the District. This bill is sponsored by Omnitrans.
- 3) **Author's Statement.** According to the author, "AB 1457 paves the way for the Redlands Rail Project in San Bernardino County which will provide safe and efficient alternatives to freeway traffic and will be the first rail project in North America to test a battery powered train. Omnitrans, the bill's sponsor, has received a \$30 million grant to replace one of the train's diesel engines with a lithium-ion battery powered motor, which will convert it into a truly zero-emission vehicle. Omnitrans, however, was formed as a JPA. For cost and liability reasons, trains are universally operated by transit districts. AB 1457 will convert Omnitrans from a JPA into a public transportation district without change to the way it's managed."
- 4) **Policy Consideration.** Generally, local agencies have board member compensation limits and have to follow specific purchasing and construction bid thresholds, among other requirements. This bill is unclear on a few governance issues that are common to local agencies.
- 5) **Committee Amendments.** The Committee may wish to amend the bill in the following ways in response to the policy consideration above:
 - a) Decrease the number of board members from 20 to 19 to correctly reflect the board membership;
 - b) Specify the amount of compensation the board members can receive;
 - c) Specify that the District is subject to the same purchase and construction requirements as the County of San Bernardino; and,
 - d) Require that prior to detachment, all pending legal and financial obligations must be resolved by mutual agreement.

6) **Arguments in Support.** According to the sponsors, “Starting in 2021, Omnitrans will begin services on the new arrow line, a passenger commuter rail services connecting San Bernardino, Loma Linda, Redlands, and the surrounding areas. The new rail service will be the first in North America to test a battery powered train. Omnitrans received a grant from the State of California to replace one of the rail car’s diesel engines with a lithium-ion battery pack making it a truly zero-emission vehicle. While experimental, the technology could transform passenger rail service. The purpose of this bill is to change Omnitrans from a public transportation agency formed as a JPA into a public transportation district, which is typical for districts offering rail service. This bill is based on the recently enacted AB 664 (Williams) that created the Gold Coast Transit District in Santa Barbara and Ventura counties in 2013, and it was written in cooperation with the San Bernardino County Transportation Authority.”

7) **Arguments in Opposition.** The Southern California Contractors Association argues they, “Contract with transit districts and would be able to serve the newly created district formed by AB 1457. To that end, SCCA requests an amendment to AB 1457 that authorizes the newly created transit district to contract for construction work in excess of \$10,000.”

The California Association of Local Agency Formation Commissions (LAFCOs) argues, “Because AB 1457, as written today, divests LAFCO’s authority for all of these changes of organization, we must oppose the bill unless amended.”

8) **Double-referral.** This bill is double-referred to the Transportation Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Omnitrans [SPONSOR]

Opposition

California Association of LAFCOs (unless amended)

Southern California Contractors Association (unless amended)

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