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## SENATE COMMITTEE ON TRANSPORTATION

Senator Lena Gonzalez, Chair

2021 - 2022 Regular

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**Bill No:** AB 2015

**Hearing Date:** 6/14/2022

**Author:** Cooley

**Version:** 3/21/2022

**Urgency:** No

**Fiscal:** Yes

**Consultant:** Melissa White

**SUBJECT:** Sacramento Regional Transit District: board of directors: voting procedures: contracting authority: retirement board

**DIGEST:** This bill makes various changes to the Sacramento Regional Transit District (SacRT) Act.

### **ANALYSIS:**

*Existing law:*

- 1) Establishes the SacRT Act, which governs the powers and functions of SacRT; establishes its territory, Board of Directors, and planning duties; and authorizes SacRT to issue general obligation bonds and revenue bonds, as specified.
- 2) Specifies that each member entity is entitled to make one appointment to the Board of Directors.
- 3) Authorizes a city or county that is not annexed into the district to become a participating entity that is entitled to make one appointment to the Board of Directors, as specified.
- 4) Specifies voting procedures for the Board of Directors.
- 5) Establishes a bid threshold for the purchase of supplies, equipment, and materials at \$100,000, and requires any purchase above that amount be let by contract to the lowest responsible bidder or to the responsible bidder that submitted a proposal that provides the best value, as defined.
- 6) Requires that, for the purchase of supplies, equipment, and materials that exceeds \$3,000, but does not exceed \$100,000, SacRT shall obtain, to the extent practicable, a minimum of three quotations, either written or oral, which permit prices and other terms to be compared.

7) Authorizes SacRT to provide for a retirement system, as specified.

*This bill:*

- 1) Increases, from \$100,000 to \$125,000, the bid threshold for SacRT's purchase of supplies, equipment, and materials.
- 2) Requires that, for the purchase of supplies, equipment, or materials that exceeds \$3,000, but does not exceed \$125,000, SacRT shall obtain, to the extent practicable, a minimum of three quotations, either written or oral, which permit prices and other terms to be compared.
- 3) Clarifies that that each member entity that is annexed after the initial formulation of the transit district is entitled to make one appointment to the Board of Directors.
- 4) Requires that all official acts of the SacRT Board shall require the affirmative vote of a majority of all members of the Board, unless a higher threshold is required by law.
- 5) Specifies that if SacRT establishes a retirement board for its retirement system, board members and employees of the district may serve on the retirement board.
- 6) Repeals obsolete language related to the transit district.
- 7) Contains other technical and conforming changes.

**COMMENTS:**

- 1) *Purpose of the bill.* According to the author, "AB 1196 (Cooley, Chapter 272, Statutes of 2021) reorganized Sacramento Regional Transit District's (SacRT) Board to a one-person one-vote methodology after the integration of Elk Grove into the district. Since then, SacRT's internal counsel has identified ambiguities resulting from the change in their board structure. This bill clarifies definitions pertaining to appointments and actions of the board and removes obsolete provisions due to the full integration of Elk Grove. Further, this bill aims to improve operational efficiency by increasing the formal solicitation threshold for supplies into alignment with the current consumer price index. Finally, this bill authorizes SacRT's historical practice of allowing district board members and district employees to serve on the SacRT Retirement Board."

- 1) *SacRT*. SacRT serves the Cities of Sacramento, Citrus Heights, Elk Grove, Folsom, and Rancho Cordova, by operating 82 bus routes and 43 miles of light rail serving 53 light rail stations and ADA paratransit services across a 440 square-mile service area, among other services. SacRT is governed by an 11-member Board of Directors comprised of directors that are appointed by the annexed jurisdictions, which are "member entities," including three members by Sacramento County, four members from City of Sacramento, one member each from the cities of Citrus Heights, Elk Grove, Folsom, and Rancho Cordova.
- 2) *Technical updates to last year's reorganization*. AB 1196 (Cooley, Chapter 272, Statutes of 2021) updated the governing statute for SacRT from weighted voting to a one-person, one-vote structure. The bill anticipated annexation of the City of Elk Grove into the district – the final participating entity to do so. To that end, AB 2015 updates the SacRT statutes to reflect this annexation. The bill also clarifies provisions relating to Board actions.
- 3) *Increase to SacRT bidding thresholds*. According to Sac RT, it has experienced project delays when soliciting for supplies, equipment, and materials. This bill increases the point at which purchases of supplies, equipment, and materials are required to go through a formal bid process to \$125,000, consistent with inflation. SacRT last raised their bid threshold in 2013 from \$40,000 to \$100,000.
- 4) *SacRT Retirement Board and Double Referral*. SacRT has historically allowed its employees and Board members to sit on the SacRT Retirement Board. This bill would codify that practice. If AB 2015 is approved by this committee, it will be referred to the Senate Labor, Public Employment, and Retirement Committee for further analysis of these provisions.

#### **RELATED/PREVIOUS LEGISLATION:**

**AB 1196 (Cooley, Chapter 272, Statutes of 2021)** – Changed the voting structure for SacRT from a weighted voting structure to a “one member, one vote” voting structure. This bill also removed the code sections pertaining to the weighted voting structure and made other technical and clarifying changes.

**AB 709 (McCarty, Chapter 522, Statutes of 2018)** – Made numerous changes to the SacRT Act, including clarifying SacRT’s geographic area and adding a one-eighth of one percent sales tax-rate increment to SacRT’s taxation authority.

**SB 1068 (Rubio, Chapter 220, Statutes of 2012)** – Increased SacRT’s bidding threshold from \$40,000 to \$100,000 for the purchase of supplies, equipment, and materials.

**AB 2137 (Niello, Chapter 272, Statutes, 2006)** — Created SacRTs weighted voting structure.

**FISCAL EFFECT:** Appropriation: No    Fiscal Com.: Yes    Local: Yes

According to the Assembly Appropriations Committee,

- Minor one-time costs to SacRT to make administrative updates regarding bid thresholds and voting requirements. These costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates, but it is unlikely the costs would be sufficient for the district to submit a claim.
- Establishing a retirement board is at the discretion of the district and, therefore, any costs incurred by the district are not reimbursable by the state.

**POSITIONS:** (Communicated to the committee before noon on Wednesday, June 8.)

**SUPPORT:**

Sacramento Regional Transit District (sponsor)  
Sacramento Metro Advocates for Rail and Transit

**OPPOSITION:**

None received

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