
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT**Senator Dave Cortese, Chair****2021 - 2022 Regular**

Bill No: AB 2015
Author: Cooley
Version: March 21, 2022
Urgency: No
Consultant: Glenn Miles

Hearing Date: June 29, 2022

Fiscal: Yes

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

KEY ISSUE

- 1) Should the state authorize SacRT board members and employees to serve on the SacRT retirement board?

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. (Public Utilities Code § 102100 et seq.)
- 2) Authorizes SacRT to provide for a retirement system, provided, that the adoption, terms, and conditions of any retirement system covering union-represented SacRT employees shall be pursuant to a collective bargaining agreement between the union and SacRT. Authorizes SacRT to establish trust accounts for this purpose. (PUC § 102430)
- 3) Provides that a public officer, including, but not limited to, an appointed or elected member of a governmental board, commission, committee, or other body, must not simultaneously hold two incompatible public offices, i.e., those in which one office has oversight or authority over another. (Government Code § 1099)
- 4) Specifies that each member entity may make one appointment to the board of directors. (PUC § 102100.3 (a))
- 5) Authorizes a city or county not annexed into the district to become a participating entity and be entitled to make one appointment to the board of directors, as specified. (PUC § 102100.3 (b))
- 6) Specifies voting procedures for the board of directors. (PUC § 102105.2)
- 7) Establishes a bid threshold for the purchase of supplies, equipment, and materials at \$100,000, and requires SacRT to let by contract any purchase above that amount to the lowest responsible bidder or to the responsible bidder that submitted a proposal that provides the best value, as defined. (PUC § 102222)

- 8) 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 SacRT to compare prices and other terms. (PUC § 102222 (a) (2))

This bill:

- 1) Specifies that SacRT board members and employees may serve on the district retirement board.
- 2) Increases, from \$100,000 to \$125,000, the bid threshold for purchase of supplies, equipment, and materials.
- 3) Increases, from \$100,000 to \$125,000 the purchase amount whereby SacRT must obtain, to the extent practicable, a minimum of three quotations, either written or oral, which permit to SacRT to compare prices and other terms for the purchase of supplies, equipment, or materials.
- 4) Clarifies that that each member entity annexed after the initial formation of the transit district is entitled to make one appointment to the board of directors.
- 5) Requires that all official acts of the SacRT board shall require the affirmative vote of a majority of all board members, unless some other existing law requires a higher threshold.
- 6) Repeals obsolete language providing the following:
 - a) A complete defense in any action or proceeding of any kind to enforce or compel compliance with or to compel enforcement of specified county and LAFCO resolutions related to the City of Elk Grove if Elk Grove executes an agreement with SacRT, as specified. (PUC § 102100.8)
 - b) Required written notice before SacRT may establish any transit service or system which may at any time substantially divert, lessen, or compete for the patronage or revenues of any privately owned transit or intercity route existing prior to June 1, 1971. (PUC § 102300)

COMMENTS**1. Need for this 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.”

Background

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.

An 11-member board of directors appointed by the annexed jurisdictions governs the district, 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.

AB 1196 (Cooley, Chapter 272, Statutes of 2021) changed SacRT’s governing statute 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 in the district’s service area to join. AB 2015 updates the SacRT statutes to reflect this annexation. The bill also clarifies provisions relating to board actions.

According to Sac RT, the district 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.

SacRT has historically allowed its employees and board members to sit on the SacRT Retirement board based on previous provisions of the enabling statute prior to the updated revisions. This bill would specifically authorize that practice.

According to SacRT, this bill deletes two obsolete statutes. One, related to the status of Elk Grove, is no longer necessary because the district annexed that city pursuant to an agreement between the two.

SacRT states that the second repealed statute, related to providing specified notice to private operators who have operated transit services since 1971, is obsolete because there are no such operators in SacRT’s transit service area. SacRT addressed committee concerns regarding possible effects on Unitrans, the private, student run, non-profit transit system in Davis, stating that repealing this statute would have no effect on Unitrans since Davis is not in SacRT’s transit service area and any changes to annex Davis would require processes requiring agreements with Davis and Yolo County which would provide substantial notice to those jurisdictions’ residents and to Unitrans.

2. Proponent Arguments

According to SacRT:

“SacRT has made many strides in streamlining our processes and identifying business efficiencies in recent years. AB 2015 affects five sections of the Enabling Act that are either

obsolete, contain ambiguities, or that require modification to improve business processes at SacRT.”

3. Opponent Arguments:

None received.

- 4. Dual Referral:** The Senate Rules committee referred this bill to the Senate Transportation committee and the Senate Labor, Public Employment and Retirement committee for consideration.

5. Prior 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 SacRT’s weighted voting structure.

SUPPORT

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

OPPOSITION

None received.

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