

Date of Hearing: June 15, 2016

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Susan Talamantes Eggman, Chair

SB 1082 (McGuire) – As Amended March 28, 2016

SENATE VOTE: 39-0

SUBJECT: Regional park and open-space districts: general manager: powers.

SUMMARY: Increases, from \$25,000 to \$50,000, the amount for which the Sonoma County Agricultural Preservation and Open Space District may enter into contracts without a formal bid process for supplies, materials, labor, or other valuable consideration for any purpose.

Specifically, **this bill:**

- 1) Allows, with the approval of the board of directors (board), the general manager of the Sonoma County Agricultural Preservation and Open Space District (SCAPOSD) to bind the district, in accordance with board policy, and without advertising, for the payment of supplies, materials, labor, or other valuable consideration for any purpose, including new construction of a building, structure, or improvement, in amounts not exceeding \$50,000.
- 2) Requires all expenditures authorized above to be reported to the board at its next regular meeting.
- 3) Finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique financial situation of the districts affected by this bill.

EXISTING LAW:

- 1) Generally authorizes the general manager of any park or open-space district, with district board approval, to bind the district, in accordance with board policy, and without advertising, for the payment for supplies, materials, labor, or other valuable consideration for any purpose in amounts not exceeding \$25,000.
- 2) Allows, with the approval of the board, the general manager of the East Bay Regional Park District (EBRPD) and the general manager of the Midpeninsula Regional Open Space District (MROSD) to bind those districts, in accordance with board policy, and without advertising, for the payment of supplies, materials, labor, or other valuable consideration for any purpose, including new construction of a building, structure, or improvement, in amounts not exceeding \$50,000.
- 3) Requires all expenditures authorized above to be reported to the respective board at its next regular meeting.

FISCAL EFFECT: None

COMMENTS:

- 1) **Bill Summary.** This bill increases, from \$25,000 to \$50,000, the amount for which SCAPOSD may enter into contracts without a formal bid process for supplies, materials, labor, or other valuable consideration for any purpose, including construction. This bill is sponsored by the author.
- 2) **Author's Statement.** According to the author, "Under the authority of the Sonoma County Board of Supervisors, the Sonoma County Agricultural Preservation and Open Space District (SCAPOSD) is a local government agency that oversees projects that protect Sonoma County's small town character and natural habitats. Since 2002, the SCAPOSD has been designated as an open space district with a \$25,000 threshold for entering into contracts without a formal bidding process...The Sonoma County Board of Supervisors recently passed a resolution to raise the threshold, from \$25,000 to \$50,000, for all departments under their jurisdiction for entering into contracts without a formal bidding process. The purpose of SB 1082 is to keep the SCAPOSD consistent with all other departments in Sonoma County.

"Furthermore, AB 745 (Levine, 2014), recognized the impact of inflation and rising costs of doing business by raising the threshold for all parks and open space districts statewide from \$10,000 to \$25,000. However, the SCAPOSD did not receive a proportional raise. SB 1082 will not only create consistency across Sonoma County, but also save the County hundreds of hours of staff time and thousands of dollars each year. These resources will be spent on opening more trails, protecting vulnerable ecosystems, and preserving open spaces for parks and wildlife."

- 3) **Background.** SCAPOSD was created in 1990 to permanently protect the greenbelts, scenic viewsheds, farms and ranches and natural areas of Sonoma County. To date, SCAPOSD has acquired or protected 106,000 acres of farmland and open space. A quarter cent sales tax, authorized through 2031, supports the majority of SCAPOSD's roughly \$36 million annual budget. The Sonoma County Board of Supervisors serves as the governing board of SCAPOSD. The district's activities include acquisition, protection, and maintenance of open space and agricultural lands, conservation planning to identify high-priority lands for protection or acquisition, and administration of a grant program.

In 2015, SCAPOSD issued five non-construction contracts that cost between \$25,000 and \$50,000, and has or expects to issue another three contracts in this price range as of June 30, 2016. SCAPOSD cites an average administrative cost of \$7,360 per contract for projects in this price range. SCAPOSD has been using the California Uniform Public Construction Cost Accounting Act for construction projects costing less than \$45,000.

- 4) **Park and Open Space District Bid Requirements.** Park and/or open space districts generally must comply with state law requiring them to publicly bid new construction and maintenance work that will exceed specified costs. This is consistent with state law for all local agencies, based on policy that seeks to balance open and transparent use of public funds with efficient and cost-effective government operations.

Prior law sets bid limits for these districts at \$10,000 for non-construction work, and \$25,000 for construction contracts. However, the Legislature allowed exceptions to these thresholds

for three districts: the EBRPD, MROSD, and SCAPOSD. These districts were allowed to contract for any purpose for up to \$25,000 without bidding. These exceptions were based on a recognition that public bidding may not be cost-effective in all cases, particularly when the costs of time delays and resources expended on contract preparation and bidding are disproportionate to a contract's scope and total cost.

AB 745 (Levine), Chapter 42, Statutes of 2014, raised the limit to \$25,000 for all park and open-space districts for all purposes, both construction and non-construction, resulting in a uniform statute for all of these districts. In 2015, AB 495 (Gordon), Chapter 149, Statutes of 2015, increased the limit to \$50,000 for EBRPD and MROSD. This bill raises the bid threshold for SCAPOSD to match the authority of EBRPD and MROSD.

- 5) **Arguments in Support.** The Sonoma County Agricultural Preservation and Open Space District, in support, writes, "The current limit of \$25,000 was established through legislation more than 30 years ago. Since then, inflation has significantly reduced the size and scope of projects this limit allows. With an average administrative cost of \$7,360 per contract in the \$25,000 to \$50,000 range, the proportion of resources spent on administration is well beyond what is reasonable for these relatively small projects. In 2015 the District spent \$44,160 on the administration of six projects. These funds are better spent on necessary improvements by the District."
- 6) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

California Special Districts Association
County of Sonoma
Sonoma County Agricultural Preservation and Open Space District

Opposition

None on file

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