

Date of Hearing: March 20, 2024

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 1853 (Villapudua) – As Amended March 11, 2024

SUBJECT: San Joaquin Regional Transit District: meetings: surplus money investments.

SUMMARY: Makes changes to the San Joaquin Regional Transit District (RTD) board member compensation limits and RTD's authority to invest surplus money in its treasury. Specifically, **this bill:**

- 1) Authorizes the RTD board to provide, by ordinance or resolution, that each member shall receive for each attendance at the meetings of the board the sum of \$100 instead of \$50, but not to exceed \$500 instead of \$100 in a calendar month.
- 2) Authorizes the board to be compensated for attendance at committee meetings subject to the limits in 1) above.
- 3) Specifies that RTD may invest surplus money in its treasury, including money in a sinking fund, in any investment or deposit that a city, county, or local public agency may place funds pursuant to the laws of the state. RTD's investment of any surplus money in its treasury, including money in a sinking fund, shall be in accordance with existing law that generally dictates local agency investments.
- 4) Makes other technical and clarifying changes.

EXISTING LAW:

- 1) Specifies that the RTD board shall adopt rules for its proceedings and may provide, by ordinance or resolution, that each member shall receive for each attendance at the meetings of the board the sum of \$50, but not to exceed \$100 in any calendar month, and shall be allowed such necessary traveling and personal expenses incurred in the performance of his or her duties as authorized by the board [Public Utilities Code (PUC) § 50087].
- 2) Authorizes RTD to invest any surplus money in its treasury, including money in any sinking fund, in any of the following (PUC § 20205):
 - a) Its own bonds.
 - b) Treasury notes, certificates of indebtedness, bills, bonds of the United States, or any other evidence of indebtedness secured by the full faith and credit of the United States.
 - c) Obligations issued pursuant to the Federal Home Loan Bank Act or the National Housing Act.
 - d) Treasury notes or bonds of this State, or of any public corporation, municipal corporation, public district, or political subdivision within this State which are legal as security for the deposit of public funds.

FISCAL EFFECT: None.

COMMENTS:

- 1) **San Joaquin Regional Transit District.** RTD is the regional transit provider for San Joaquin County. Established in 1963 as the Stockton Metropolitan Transit District (SMTD), SMTD began providing service in 1965. In 1994, with the expansion of its service area to the entire county, SMTD became RTD. RTD is governed by a 5-member board: two appointed by the Board of Supervisors of San Joaquin County, two appointed by the City Council of the City of Stockton, and one appointed jointly between the City of Stockton and San Joaquin County. The RTD board must adopt rules for its proceedings and may provide, by ordinance or resolution, that each board member receive \$50 per meeting, but no more than \$100 in any calendar month. These amounts were last increased in 1991 [SB 791 (Committee on Transportation), Chapter 995, Statutes of 1991].

RTD operates 26 local fixed bus routes in the Stockton Metropolitan Area, 5 Bus Rapid Transit routes, 12 Metro Hopper deviated fixed routes throughout the county, and 3 commuter routes. RTD's Van Go! service provides service options for county residents with seamless connections within the county. RTD also provides paratransit service for persons who are unable to use fixed-route service. In fiscal year 2022, RTD provided approximately 1.8 million passenger trips, and, as of the 2010 census, serves a population of 755,000.

- 2) **Surplus Investments.** Since 1913, state law has authorized local officials to invest a portion of local agencies' temporarily idle funds in a variety of financial instruments. Originally, state law limited the instruments to government bonds, but over time the laws governing local agency investments have been amended to keep pace with changing investment opportunities and current market offerings.

California law allows local officials to deposit money in state or national banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in the State of California. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, state law outlines local agencies' investment objectives, also known as the prudent investor standard. The primary objective is to safeguard the principal of the funds under the local agency's control. The secondary objective is to meet the liquidity needs of the depositor. The final objective is to achieve a return on the funds under its control.

State law limits the percentage that local agencies can invest in many types of investments. This encourages local agencies to diversify their investment portfolios, which limits the risk to the local agency if any investment does not have the expected return. Local agencies make investments with different maturity dates, which refer to the date when the borrower must make the final payment due on an investment.

- 3) **Bill Summary and Author's Statement.** This bill authorizes RTD to increase, by ordinance or resolution, the amount board members receive for each attendance at the meetings of the board and committees to the sum of \$100, but not to exceed \$500 in a calendar month. Additionally, this bill specifies that RTD may invest surplus money in its treasury, including money in a sinking fund, in any investment or deposit that a city, county, or local public agency may place funds pursuant to the laws of the state and must do so in accordance with

existing law that generally dictates investments for local agencies. RTD is the sponsor of this bill.

According to the author, “This bill would make minor changes to the enabling statutes of the San Joaquin Regional Transit District, which provides transit bus service through San Joaquin County. These changes would improve the ongoing management of RTD and ensure RTD's statutory authorities are consistent with that of other similarly sized transit agencies.”

- 4) **Arguments in Support.** According to the sponsors, “This bill would make a series of minor changes to RTD’s enabling statutes. Specifically, this bill would increase the sum that each member of the RTD board may receive for attendance at each meeting of the board and for committee meetings from \$50 to \$100 and increase the monthly sum from \$100 to \$500. It would also expand the investments or deposits in which RTD may invest its reserves. These changes would allow RTD board members to receive a per meeting and total monthly sum that is generally aligned with those received by board members of similarly sized transit district boards. This bill would also afford RTD the opportunity to invest its reserves in any investment or deposit in which a city, county, or local public agency, including several transit districts, may place its funds. In doing so, this proposal would ensure that RTD can prudently invest its reserves to maximize return without compromising the safety of RTD’s principal.”
- 5) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

San Joaquin Regional Transit District [SPONSOR]

Opposition

None on file

Analysis Prepared by: Jimmy MacDonald / L. GOV. / (916) 319-3958