

Date of Hearing: April 10, 2024

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2812 (Kalra) – As Amended March 11, 2024

SUBJECT: Santa Clara Valley Transportation Authority.

SUMMARY: Increases the bid thresholds for contracts related to supplies, equipment, and materials for the Santa Clara Valley Transportation Authority (VTA). Specifically, **this bill:**

- 1) Increases the bid threshold, from \$150,000 to \$200,000, above which VTA must award contracts for supplies, equipment and materials to the lowest responsible bidder or to the bidder who submits a proposal that provides the best value, as defined.
- 2) Increases, from \$150,000 to \$200,000, the maximum procurement amount for supplies, equipment, or materials under which VTA must obtain at least three quotations that permit prices and terms to be compared.
- 3) Increases, from \$3,500 to \$5,000, the minimum procurement amount for supplies, equipment or materials above which VTA must obtain at least three quotations that permit prices and terms to be compared.
- 4) Makes a minor, technical change.

EXISTING LAW:

- 1) Creates VTA with various duties relative to transportation projects, planning and services, and the operation of public transit in the County of Santa Clara. (Public Utilities Code §§ 100000 – 100619)
- 2) Requires VTA to let contracts for the purchase of supplies, equipment, and materials to the lowest responsible bidder or to the bidder who submits a proposal that provides best value, as defined, if the amount of the contract exceeds \$150,000. [Public Contract Code (PCC) § 20301]
- 3) Requires VTA to obtain at least three quotations for the purchase of supplies, equipment, and materials that permit prices and terms to be compared whenever the expected procurement is expected to cost between \$3,500 and does not exceed \$150,000. (PCC § 20301)

FISCAL EFFECT: None

COMMENTS:

- 1) **Bill Summary.** This bill increases the bid thresholds for contracts related to supplies, equipment, and materials for VTA as follows:
 - a) Increases the bid threshold, from \$150,000 to \$200,000, above which VTA must award contracts for supplies, equipment and materials to the lowest responsible bidder or to the bidder who submits a proposal that provides the best value.

- b) Increases, from \$150,000 to \$200,000, the maximum procurement amount for supplies, equipment, or materials under which VTA must obtain at least three quotations that permit prices and terms to be compared.
- c) Increases, from \$3,500 to \$5,000, the minimum procurement amount for supplies, equipment or materials above which VTA must obtain at least three quotations that permit prices and terms to be compared.

This bill is sponsored by VTA.

- 2) **Author's Statement.** According to the author, "The costs for supplies, equipment, and materials have risen significantly since contracting thresholds for materials and equipment were last set. Minor repairs or purchases increasingly exceed the existing limits, thereby necessitating a lengthy formal bid process, which ultimately adds more time and requires additional resources to conduct procurements. By updating contracting thresholds, AB 2812 will enable VTA to continue completing routine procurement activities efficiently while maintaining the best use of public funds."
- 3) **Background.** The Santa Clara County Transit District was created through state legislation in 1969 to provide public transit service for the communities of Santa Clara County. In 1989, the Santa Clara County Congestion Management Agency was created to implement the county's congestion management program. Additionally, in the 1980's the Santa Clara County Traffic Authority was established to oversee Measure A, a voter approved, half-cent sales tax measure.

In the mid-1990s, Santa Clara County reorganized the various transportation agencies and created the VTA to manage and operate the county's transit system, serve as the congestion management agency, develop the county's transportation plan, and implement local sales tax measures approved by voters.

- 4) **Related Legislation.** AB 1958 (Berman) specifies that, to the extent possible, the appointing powers of the VTA shall appoint individuals who have expertise, experience, or knowledge relative to transportation *or* project management issues.

AB 2590 (Reyes) changes the bid thresholds for contracts related to supplies, equipment, and materials for the San Bernardino County Transportation Authority. SB 2590 is pending in this Committee.

AB 2682 (Kalra) makes several changes to the statutes governing the Santa Clara Valley Open-Space Authority, including changes to the bid thresholds for contracts related to supplies, equipment, and materials. AB 2682 is pending in this Committee.

SB 904 (Dodd) makes several changes to the statutes governing the Sonoma-Marín Area Rail Transit District, including changes to the bid thresholds for contracts related to supplies, equipment, and materials. SB 904 is pending in the Senate Transportation Committee.

- 5) **Previous Legislation.** SB 304 (Laird), Chapter 107, Statutes of 2023, changed requirements for the purchase of services, supplies, equipment and materials by the Monterey-Salinas Transit District (MST).

AB 2015 (Cooley), Chapter 182, Statutes of 2022, made various changes to the Sacramento Regional Transit District Act, including increasing certain bid thresholds.

AB 1833 (Ward), Chapter 100, Statutes of 2022, made changes to various bidding thresholds for the San Diego Metropolitan Transit System, the North County Transit District (NCTD), and the San Diego Association of Governments.

SB 333 (Eggman), Chapter 217, Statutes of 2021, increased the bid threshold for San Joaquin Regional Transit District's purchase of supplies, equipment and materials, from \$50,000 to \$75,000, and allowed the district to award a contract to the responsible bidder who submits a proposal that provides the best value to the district.

AB 2711 (Eggman) of 2020 was similar to SB 333. AB 2711 was held in the Assembly Local Government Committee.

AB 1089 (Stone), Chapter 107, Statutes of 2019, increased the bid threshold for the purchase of supplies, equipment, and materials by the Santa Cruz Metropolitan Transit District and allowed the use of best value for these contracts, and altered appointments and reimbursements for the district's board of directors.

AB 3177 (Chavez), Chapter 544, Statutes of 2018, made various changes to certain bidding requirements for the NCTD, as specified.

AB 2030 (Mullin), Chapter 143, Statutes of 2016, changed specified bidding requirements for the Bay Area Rapid Transit District and the San Mateo County Transit District, including bid threshold increases for the purchase of supplies, equipment, and materials.

AB 2196 (Low), Chapter 381, Statutes of 2016, made a number of non-substantive changes to the enabling statutes for VTA, and increased the bid thresholds for contracts related to supplies, equipment, and materials.

AB 116 (Beall), Chapter 408, Statutes of 2009, revised the procurement requirements for the purchase of supplies, equipment, and materials by VTA and several other transit districts.

AB 644 (Caballero), Chapter 460, Statutes of 2009, enacted the MST Act, which dissolved the Monterey-Salinas Transit Joint Powers Agency and created MST within Monterey County to succeed to the rights, powers, duties, and obligations of the agency. The bill established thresholds for MST to award contracts for the purchase of supplies, equipment, and materials.

SB 374 (Alquist), Chapter 791, Statutes of 1996, designated VTA to be the successor agency to the Santa Clara County Traffic Authority, thereby assuming responsibility for the management of the local sales tax program.

AB 2442 (Cortese), Chapter 254, Statutes of 1994, created VTA by reorganizing and merging the Santa Clara County Transit District with the Santa Clara County Congestion Management Agency.

- 6) **Arguments in Support.** According to VTA, the sponsor of this bill, “VTA’s role in providing essential transportation services, including bus, light rail, and paratransit, as well as its involvement in regional rail services, cannot be overstated. However, the current bidding thresholds, which have not been updated since 2016, hamper our operational efficiency. The current limits are outpaced by inflation and the rising costs of materials and equipment, resulting in cumbersome and time-consuming bidding processes for even minor purchases or repairs.

“By increasing the bidding threshold for contracts from \$150,000 to \$200,000 and adjusting the requirement for obtaining a minimum of three quotations from \$3,500 to \$5,000 for expenses between \$5,000 and \$200,000, AB 2812 aligns with Consumer Price Index adjustments. These changes will enable VTA to conduct its procurement activities more swiftly and cost-effectively, reducing the administrative burden and allowing for a more strategic allocation of resources.

“It is imperative that VTA continues to operate with efficiency and fiscal prudence, ensuring the best use of public funds while maintaining high-quality transportation services. AB 2812 reflects a practical approach to achieving these goals.”

- 7) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

Santa Clara Valley Transportation Authority [SPONSOR]

Opposition

None on file

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