

Date of Hearing: May 1, 2024

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2590 (Reyes) – As Amended March 21, 2024

SUBJECT: San Bernardino County Transportation Authority: contracting.

SUMMARY: Increases the bid threshold for the purchase of supplies, equipment, and materials for the San Bernardino County Transportation Authority (SBCTA), from \$25,000 to \$150,000. Specifically, **this bill:**

- 1) Requires the purchase of all supplies, equipment, and materials by SBCTA, when the expenditure required exceeds \$150,000 (instead of \$25,000) to be let by contract to the lowest responsible bidder, or, in the authority’s discretion, to the responsible bidder who submitted a proposal that provides the best value to the authority on the basis of the factors identified in the solicitation.
- 2) Defines, for the purposes of this bill, “best value” to mean the overall combination of quality, price, and other elements of a proposal that, when considered together, provide the greatest overall benefit in response to the requirements described in the solicitation documents.
- 3) Requires, to the extent practicable, SBCTA to obtain a minimum of three quotations, either written or oral, that permit prices and terms to be compared whenever the expected expenditure required for the purchase of supplies, equipment, or materials exceeds \$5,000, (instead of \$1,000) but not \$150,000.

EXISTING LAW:

- 1) Requires public agencies to obtain competitively bid contracts for construction projects, and contracts for supplies, equipment, and materials above a specified cost threshold. This amount varies depending on the public agency and whether it is a city, county, special district, or school, and other variables. (Public Contract Code, various sections)
- 2) Establishes the County Transportation Commissions Act, which provides for the creation of county transportation commissions in the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura, with various powers and duties relative to transportation planning and funding, as specified. [Public Utilities Code (PUC) Sections 130000-130828.1]
- 3) Requires the following for county transportation commissions, except for the Los Angeles County Metropolitan Transportation Authority (LA Metro):
 - a) The purchase of all supplies, equipment, and materials, and the construction of all facilities and works, when the expenditure required exceeds \$25,000, shall be by contract let to the lowest responsible bidder. Notice requesting bids shall be published at least once in a newspaper of general circulation. The publication shall be made at least 10 days before the date for the receipt of the bids. The commission, at its discretion, may reject any and all bids and readvertise.

- b) Whenever the expected expenditure required exceeds \$1,000, but not \$25,000, the commission shall obtain a minimum of three quotations, either written or oral, that permit prices and terms to be compared. (PUC Section 130232)
- 4) Requires the following for LA Metro:
- a) The contract shall be let to the lowest responsible bidder or, in LA Metro's discretion, to the person who submitted a proposal that provides the best value on the basis of the factors identified in the solicitation when the purchase price of all supplies, equipment, and materials exceeds \$150,000.
 - b) Defines "best value" to mean the overall combination of quality, price, and other elements of a proposal that, when considered together, provide the greatest overall benefit in response to requirements described in the solicitation documents. The contract shall be let to the lowest responsible bidder when the purchase price of the construction of all facilities exceeds \$25,000.
 - c) LA Metro shall obtain a minimum of three quotations, either written or oral, that permit prices and terms to be compared whenever the expected expenditure required exceeds \$3,000, but not \$150,000. (PUC Section 130232)

FISCAL EFFECT: None

COMMENTS:

- 1) **Bill Summary and Author's Statement.** This bill raises the bid threshold for the purchase of all supplies, equipment, and materials by SBCTA from \$25,000 to \$150,000. This bill also raises the limit that requires SBCTA to obtain a minimum of three quotations that permit prices and terms to be compared for the purchase of supplies, equipment, or materials from \$1,000 to \$5,000.

According to the author, "AB 2590, the Streamlining Transportation Asset Requirement Thresholds (START) Act, ensures the San Bernardino County Transportation Authority (SBCTA) can effectively manage its operations in a rapidly evolving transportation landscape. Current procurement policies are outdated and restrictive, hampering SBCTA's ability to keep pace with the demands of modern transportation management. Procurement limits haven't changed since the 1980s, while costs for essential supplies, equipment, and materials have significantly increased. AB 2590 aligns SBCTA's procurement authority with similar-sized transportation commissions and ensures that routine procurements can be conducted more swiftly and cost-effectively."

This bill is sponsored by the San Bernardino County Transportation Authority

- 2) **Background.** Serving more than 2.1 million residents of San Bernardino County, SBCTA is responsible for cooperative regional planning and furthering an efficient multi-modal transportation system countywide. SBCTA administers Measure I, the half-cent transportation sales tax approved by county voters in 1989, and supports freeway construction projects, regional and local road improvements, train and bus transportation,

railroad crossings, call boxes, ridesharing, congestion management efforts, and long-term planning studies.

Existing law sets bid thresholds for county transportation commissions generally for the purchase of supplies, equipment, and materials at \$25,000. However, for LA Metro and some other transportation or transit agencies, this limit has been raised to \$150,000.

- 3) **Policy Consideration.** This bill seeks to increase the bid thresholds for the purchase of supplies, equipment, and materials for SBCTA to match the bid threshold for LA Metro and some other transportation or transit agencies. However, the Committee may wish to consider if SBCTA should have a commensurate threshold with LA Metro, given the differences between the two agencies.
- 4) **Committee Amendment.** The Committee may wish to consider amending this bill to reduce the bid threshold increase to \$100,000, instead of \$150,000.
- 5) **Related Legislation.** AB 2812 (Kalra) increases the bid thresholds from \$150,000 to \$200,000 for contracts related to supplies, equipment, and materials for the Santa Clara Valley Transportation Authority (VTA). AB 2812 is pending in the Senate Rules 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 the Assembly.

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 Appropriations Committee.

- 6) **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.

- 7) **Arguments in Support.** SBCTA, sponsor of this bill, writes, "SBCTA is pivotal in shaping the transportation landscape of our region, a role that significantly contributes to economic growth and the well-being of our residents. Updating our procurement thresholds for modern-day needs is not just a matter of operational efficiency but also of fiscal responsibility. SBCTA takes pride in being a good steward of staff time and taxpayer dollars, but certain procurement processes can be time intensive for staff. Additionally, our procurement limits have not been revised since the 1980s, despite significant increases in the costs of supplies and equipment. Unfortunately, some of our current procurement processes with low thresholds take more staff hours than necessary to secure goods such as design and printing of materials for community outreach, and technological equipment, including laptops and servers. These delays inflate costs due to protracted bidding procedures and the additional fees charged by vendors due to complex bidding processes and need to recover their increased costs. The adjustments proposed in AB 2590 to increase the threshold for contracts requiring the lowest responsible bidder from \$25,000 to \$150,000, allows the authority to choose the best value bid, not just the lowest. The bill also requires purchases from \$5,000 to \$150,000, to obtain at least three quotes to ensure competitive pricing. These changes will bring SBCTA's procurement capabilities in line with those of similar transportation authorities, enabling more streamlined and cost-effective operations.

8) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

San Bernardino County Transportation Authority

Opposition

None on file.

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