

Date of Hearing: April 9, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 1141 (Lee) – As Introduced February 20, 2025

SUBJECT: Alameda-Contra Costa Transit District: board of directors: election: compensation.

SUMMARY: Makes a number of changes to law pertaining to the Alameda-Contra Costa Transit District's (AC Transit's) board member elections and compensation. Specifically, **this bill:**

- 1) Specifies that the government of AC Transit is vested in a board of seven directors elected from wards, instead of five elected by ward and two elected at large.
- 2) Provides that effective with the November 3, 2026, statewide general election, the terms of directors elected shall commence on December 5, 2026, and shall end at noon on January 6, 2031, upon their successors taking office, following the successors' election in 2030.
- 3) Specifies that effective with the November 7, 2028, statewide general election, the terms of directors elected shall commence on December 1, 2028, and shall end at noon on January 3, 2033, upon their successors taking office, following the successors' election in 2032.
- 4) Provides that on and after January 4, 2033, the terms of directors shall commence on the first Monday after the first day of January following their election.
- 5) Removes obsolete provisions that refer to directors elected at the formation election and the first election following the formation election.
- 6) Specifies that the board may, by ordinance or resolution, provide for an adjustment to the monthly compensation for directors based upon the percentage increase in the California Consumer Price Index, as calculated by the Department of Finance, for the previous calendar year instead of for each calendar year following the operative date of the last adjustment.
- 7) Specifies that an adjustment to compensation shall not be effective until the first day of the new fiscal year following the adoption of the ordinance or resolution, instead of the next regular election of the directors.
- 8) Makes numerous technical and conforming changes.
- 9) Provides that if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made.

EXISTING LAW:

- 1) Provides that AC Transit, formed pursuant to existing law, shall continue in existence unless dissolved and is hereby designated a rapid transit district [Public Utilities Codes (PUC) § 24561].

- 2) Specifies that AC Transit may acquire, construct, own, operate, control or use rights of way, rail lines, bus lines, stations, platforms, switches, yards, terminals, and any and all other facilities necessary or convenient for transit service within or partly without the district, underground, upon, or above the ground and under, upon, or over public streets or other public ways or waterways, together with all physical structures necessary or convenient for the access of persons and vehicles thereto, and may acquire any interest in or rights to the joint use of any or all of the foregoing; provided, that installations in state freeways shall be subject to the approval of the State Department of Public Works and installations in other state highways shall be subject to existing law (PUC § 25801).
- 3) Requires elections for AC Transit to be conducted in accordance with the Uniform District Election Law. Any costs incurred by county officials shall be paid by AC Transit (PUC § 24501.5).
- 4) Provides that the government of AC Transit is vested in a board of seven directors, one from each ward, and two at large. The directors shall be residents and voters of the respective wards from which they are nominated (PUC § 24801).
- 5) Specifies that the nomination paper for an AC Transit director shall contain the name of the candidate and other information as may be required. The nomination paper shall also meet either of the following requirements (PUC § 24826):
 - a) Specifies that the nomination paper shall be signed as follows:
 - i) For directors elected by wards, by a minimum of 50 voters of the respective ward.
 - ii) For directors elected at large, by a minimum of 100 voters of the district.
 - b) The nomination paper shall include a filing fee in the amount of one hundred fifty dollars (\$150) in lieu of signatures.
 - c) All nomination papers shall be filed with, and all in-lieu fees shall be paid to, the county elections official in the county or counties in which the candidate is running.
- 6) Provides that nomination papers may be circulated throughout AC Transit for those directors elected at large and throughout each respective ward for those directors elected by wards (PUC § 24827).
- 7) Specifies that candidates for the office of AC Transit director shall be voted upon and elected one from each ward and two at large (PUC § 24830).
- 8) Provides that upon receipt of the returns of the canvass by the respective boards of supervisors the AC Transit board shall meet and determine results of the election and declare the candidate or candidates elected (PUC § 24831).
- 9) Specifies that the secretary of AC Transit shall issue certificates of election, signed by him and duly authenticated, immediately following the determination of the result of the election by the board (PUC § 24832).

- 10) Provides that the AC Transit directors elected at the formation election shall hold their respective offices only until the first Monday after the first day of January next following the next general election and until their successors are elected and qualified (PUC § 24861).
- 11) Specifies that, of the AC Transit directors elected at the first election following the formation election, those three elected by wards and the one elected at large by the highest vote shall hold office for four years, and the other three for two years, and until their successors are elected and qualified. Thereafter, at each biennial general election, a number of directors corresponding to the number whose terms of office expire shall be elected for the term of four years (PUC § 24862).
- 12) Provides that the AC Transit directors elected at the formation election shall enter upon their official duties immediately upon the filing of the order declaring the result of the election with the Secretary of State, after qualifying according to law. The terms of directors elected after the formation election shall commence on the first Monday after the first day of January next following their election (PUC § 24863).
- 13) Specifies that the AC Transit board may, by ordinance or resolution, provide that each director shall be paid a sum that shall not exceed \$1,000 for each calendar month that he or she serves as a director. The board may, by ordinance or resolution, provide for an adjustment to the monthly compensation based upon the percentage increase in the California Consumer Price Index, as calculated by the Department of Finance, for each calendar year following the operative date of the last adjustment. The adjustment shall not become effective until the next regular election of the directors following the adoption of the ordinance or resolution (PUC § 24908).
- 14) The ordinance or resolution to authorize a monthly stipend pursuant to subdivision (a), in lieu of per-meeting compensation, shall include a requirement that a director may receive a monthly stipend for a given month only if he or she attends all scheduled and noticed regular board meetings for that month. For those directors meeting this attendance requirement, the amount of one hundred dollars \$100 shall be deducted from the stipend for failure to attend each meeting of a committee on which he or she serves that month. In any month that a director fails to meet these attendance requirements, that director may be compensated at the rate of \$100 per board or committee meeting attended, not to exceed \$500 for that month (PUC § 24908).

FISCAL EFFECT: This bill is keyed fiscal and contains a state mandated local program.

COMMENTS:

- 1) **AC Transit.** Voters created AC Transit in 1956 and subsequently approved a \$16.5 million bond issue in 1959 enabling AC Transit to buy out the privately owned Key System Transit Lines. In October 1960, AC Transit's service began. Serving 13 cities and a number of unincorporated communities in Alameda and Contra Costa counties, AC Transit operates 130 bus lines, carrying more than 100,000 daily riders. In the 2023-2024 Fiscal Year, AC Transit transported over 39 million passengers. The service area is 364 square miles and serves approximately 1.5 million people. According to AC Transit, it is the third largest bus-only transit agency in the United States and operates a fleet of 626 buses. Currently, AC Transit

connects to nine other public and private bus systems, 22 Bay Area Rapid Transit District (BART) stations, 7 Amtrak stations, and 5 ferry terminals.

- 2) **AC Transit Elections.** AC Transit is governed by a Board of seven directors, one from each of the five wards, and two at-large. The AC Transit board is required to fix the boundaries of the wards and must adjust the boundaries following each federal decennial census, and no change in boundaries may be made within 180 days preceding the election of any director. In order to become a director, a candidate must first file a nomination paper, which must be signed by a minimum of 50 voters of the respective ward for directors elected by wards, or by a minimum of 100 voters of the entire jurisdiction if elected at large. A candidate may pay a filing fee of \$150 in lieu of signatures. According to AC Transit, it received a demand letter in the spring of 2023 claiming that its election system, which includes two at large directors, violates the California Voting Rights Act. The Board then initiated a process to redistrict to a seven-ward election system in August of 2023, which concluded with the adoption of new ward boundaries in December 2023. Directors currently take office the first Friday in December following their election.
- 3) **AC Transit Director Compensation.** AC Transit Law authorizes the Board, by ordinance or resolution, to provide that each director must be paid a sum not to exceed \$1,000 per month. However, the board can provide for an adjustment to the monthly compensation based upon a percentage increase in the California Consumer Price Index for each calendar year following the date the last adjustment goes into effect. AC Transit Law specifies that this adjustment must not go into effect until the next regular election following the adoption of the adjustment. An ordinance or resolution to allow for a monthly stipend, instead of per-meeting compensation, must include a requirement that a director may be given a monthly stipend for a given month only if they attend all scheduled and noticed regular board meetings for that month. \$100 must be deducted from the stipend for failure to attend each meeting of a committee on which the director serves. If a director fails to meet these requirements, the director can be compensated \$100 per board or committee meeting attended, not to exceed \$500 for that month.

AC Transit states that the current monthly compensation an AC Transit director receives is \$1,546.12. According to AC Transit, “The Board does not adopt an ordinance each time their compensation is adjusted. The initial ordinance was adopted in 2009 to reflect what is stated in PUC section 24908 and increases are automatic based on CPI. Because of the language in the PUC, the Board cannot receive an increase in non-election years, but receives an increase that was held in abeyance in December after the election and another a few months later once the CPI is published for the prior calendar year. Note that CPI increases usually result in a \$30 a month increase in the stipend. The proposed changes would result in CPI adjustments that occur on a regular schedule (at the beginning of the fiscal year) and that are easier to budget for. In addition, the proposed changes would reduce the administrative burden of monitoring the publication of annual CPI calculations which are never published at the same time every year.”

- 4) **Bill Summary.** This bill changes the manner in which AC Transit’s directors are elected from five by ward and two at large to seven by ward, and makes numerous conforming changes. This bill also deletes obsolete provisions that refer to directors elected at the district formation election and the first election following the formation election. This bill also specifies that the board may provide for an adjustment to the monthly compensation of a

director based upon a percentage increase, as defined, for the previous calendar year instead of for each calendar year following the operative date of the last adjustment. Lastly, this bill provides that an adjustment to compensation shall not be effective until the first day of the new fiscal year instead of the next regular election of the directors. AC Transit is the sponsor of this bill.

- 5) **Author's Statement.** According to the author, "This bill makes common sense updates to AC Transit's governing statutes. In particular, it facilitates the transit agency board's transition to having all its board members elected through district elections and makes other minor changes to how the board operates."
- 6) **Previous Legislation.** AB 784 (Quirk), Chapter 200, Statutes of 2021, made numerous changes to the provisions governing AC Transit, including designating it as a rapid transit district, its director nomination papers, board vacancy requirements, and more.
- 7) **Arguments in Support.** According to AC Transit, "AB 1141 proposes to make largely clarifying changes. The bill updates the code to reflect the Board's action to transition to a seven-ward election system and away from at-large districts. To avoid potential costly litigation over the Board's composition of five wards and two at-large districts, AC Transit is in the process of transitioning to seven wards. This change to seven wards has resulted in saving AC Transit \$2 million in election related costs. AB 1141 also repeals out of date sections related to the District formation election.

"In addition, AB 1141 provides clarity in transitioning the commencement of Board terms of office from the first Friday in December to the first Monday after the first day of January. Finally, the bill changes when the Consumer Price Index (CPI) adjustment is made to the board of director's compensation. This would result in CPI adjustments that are more predictable occurring on a regular schedule at the beginning of the fiscal year, which would be easier to budget. AB 1141 enacts changes that improve district representation, reduce costs, provide clarity on the commencement of terms for existing and future Board members."

- 8) **Arguments in Opposition.** None on file.
- 9) **Double-Referral.** This bill is double-referred to the Assembly Committee on Transportation.

REGISTERED SUPPORT / OPPOSITION:

Support

AC Transit [SPONSOR]
California Special Districts Association

Opposition

None on file

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