

Date of Hearing: May 6, 2015

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Brian Maienschein, Chair

AB 906 (Cooper) – As Introduced February 26, 2015

SUBJECT: Sacramento Regional Transit District.

SUMMARY: Makes changes to the proportionate share payment in existing law that the City of Elk Grove must fulfill to maintain an appointment of a director to Sacramento Regional Transit District's Board of Directors. Specifically, **this bill:**

- 1) Makes changes to the proportionate share payment in existing law that the City of Elk Grove must fulfill to become a participating entity and maintain a seat on Sacramento Regional Transit District's (RT) governing body.
- 2) Requires the proportionate share for the City of Elk Grove to be deemed fully satisfied through RT's receipt from the Sacramento Transportation Authority of transaction and use tax revenues from Measure A, as approved by the voters in November 2004, and effective as of April 2009.
- 3) Repeals existing law, which requires the City of Elk Grove's proportionate share to be determined in the manner provided in Section 4B(2) of the First Amendment to Interim Agreement for Elk Grove Bus Service, dated March 17, 2004, between RT and Elk Grove.
- 4) Provides that no further agreement between the City of Elk Grove and RT is required.

EXISTING LAW:

- 1) Establishes the Sacramento Regional Transit District Act which governs the powers and functions of RT, and establishes RT's territory and board of directors (Board).
- 2) Authorizes RT to comprise of the cities of Citrus Heights, Elk Grove, Davis, Folsom, Rancho Cordova, Roseville, Sacramento, West Sacramento, and Woodland, and specified territory in Sacramento and Yolo counties to the extent they are not included in the above-mentioned cities.
- 3) Provides any city or county may annex to and become part of RT, upon approval by the Board, following a written request by that city or county and approval of the Sacramento Area Council of Governments.
- 4) Authorizes a city or county that is not annexed to RT to become a participating entity entitled to make at least one appointment to the Board, if the participating entity enters into an agreement with RT that provides for all of the following:
 - a) The participating entity agrees to pay its proportionate share of RT's cost to provide rail or other districtwide transit services;
 - b) RT agrees to maintain a specified level of rail or other districtwide transit services; and,

- c) RT is not obligated to provide transit services to any particular location or along any particular route.
- 5) Requires the City of Elk Grove's proportionate share, for the purposes of 4) above, to be determined in the manner provided in Section 4B (2) of the First Amendment to Interim Agreement for Elk Grove Bus Service, dated March 17, 2004, between RT and Elk Grove.
- 6) Provides that a participating entity's seat on the Board shall terminate upon termination or cancellation of the agreement in 4), above.
- 7) Establishes a weighted voting procedure for RT's Board.
- 8) Defines a member entity to mean a city or county that is annexed to RT pursuant to 2), and 3), above.
- 9) Defines a participating entity to mean a city or county that is not annexed to RT, but has entered into a specified agreement pursuant to 4), above.

FISCAL EFFECT: None

COMMENTS:

- 1) **RT.** The Legislature authorized the creation of the Sacramento Regional Transit District in 1971 to operate a comprehensive public transportation system for the Sacramento region. RT serves an area encompassing 418 square miles and 1.4 million people; it operates 67 bus routes and 38.6 miles of light rail service. RT is governed by an 11-member Board of Directors comprised of eight directors that are appointed by the annexed jurisdictions, which are "member entities," including Sacramento County, and the cities of Sacramento and Rancho Cordova. Additionally, three directors are appointed by non-annexed jurisdictions, which are "participating entities," including the cities of Citrus Heights, Elk Grove, and Folsom.
- 2) **City of Elk Grove.** The City of Elk Grove incorporated as a city in 2001; prior to that time, RT provided transit services to areas within Sacramento County that were included within Elk Grove's boundaries. Following incorporation, Elk Grove opted to not activate membership as an annexed part of RT, and instead, entered into a service agreement, from 2001 to 2004, so that RT would continue providing transit services. Upon further study, Elk Grove decided to operate its own bus service within the city and to contract with RT for regional transit services.

RT's enabling act did not allow Elk Grove to have a seat on the Board, therefore, SB 466 (Steinberg), Chapter 620, Statutes of 2004, made several changes to RT's governance structure. SB 466 enabled Elk Grove to have a seat on the Board to vote on regional matters and allowed RT to recover operating costs from providing regional transit services to Elk Grove. SB 466 required that the City of Elk Grove's proportionate share be determined by Section 4B (2) of the First Amendment to Interim Agreement for Elk Grove Bus Service, dated March 17, 2004, an agreement that RT and Elk Grove entered into. An analysis of AB 466, which listed both RT and Elk Grove in support, stated, "Proponents state that the bill represents a consensus among RT, Elk Grove, and transit labor representatives."

AB 2137 (Niello), Chapter 227, Statutes of 2008, created a weighted voting system for RT based on membership status and each voting entity's financial contribution. AB 2137 was also supported by RT, Elk Grove, and several other cities, including both member and participating entities.

- 3) **Bill Summary.** Current law allows a city or county that is not annexed to RT to have a seat on RT's Board, if they enter into a specified agreement with RT to pay their proportional share of RT's costs to provide rail or other districtwide transit services. Additionally, existing law requires that Elk Grove's proportionate share is determined in the manner provided by an Interim Agreement between the City of Elk Grove and RT. This bill deletes the reference to the interim agreement, and instead, deems that the City of Elk Grove's proportionate share is satisfied through RT's receipt of transactions and use tax revenues generated from Measure A (2004) and provides that no further agreement between the City of Elk Grove and RT is required.

Measure A was approved by over two-thirds of the voters in Sacramento County to extend an existing transactions and use tax. RT receives Measure A revenue for operation and maintenance of transit capital and rail transit improvements, as specified in the expenditure plan. Revenue generated by Measure A also provides funding for things like pedestrian and bike facilities, traffic control and safety programs, and city street road maintenance programs, which are distributed proportionality to cities, including the City of Elk Grove. Since RT is already in receipt of Measure A revenues, this bill would not result in an additional allocation of funding for RT.

This bill is sponsored by the City of Elk Grove.

- 4) **Author's Statement.** According to the author, "This bill updates the city of Elk Grove's proportionate share payment to RT to reflect changes since Elk Grove incorporated as a city in 2000. Currently, Elk Grove's proportionate share payment is based on outdated state law and does not take into account Measure A contributions by Elk Grove residents.

"The proportionate share payment Elk Grove pays to RT reflects a time when the city did not operate its own transit service and is not equitable to the city and its residents. Outdated state law requires Elk Grove to pay twice in order to have one seat on the RT Board. The proportionate share payment paid by Elk Grove is determined solely by RT. However, RT also receives nearly \$35 million in annual Measure A revenues dedicated for transit purposes from STA while Elk Grove receives none of the Measure A revenues dedicated for transit because Measure A was enacted before Elk Grove incorporated in (2000) and before the city assumed local control over transit services (2010). Since approximately 10% of all Measure A revenues come from Elk Grove generated taxes, Elk Grove is already contributing 10% of the annual \$35 million (approximately \$3.5 million annually) to RT for transit services. This \$3.5 million annual contribution from Elk Grove to RT through the STA Measure is in addition to the fair share payment to RT to participate on the Board in the amount of \$797,000 in FY2015-16. No other city in the region pays twice for its regional transit use. In spite of this double payment of \$4.3 million dollars to RT, Elk Grove residents still pay regular fare when boarding RT buses and light rail."

- 5) **Policy Considerations.** The Committee may wish to consider the following:
- a) **No Regional Consensus.** The Committee has supported prior bills that revised RT's board membership to allow non-annexed cities to have a seat on the Board and created weighted voting, all of which were brought forward with consensus. Without consensus, this bill creates winners and losers in a district-specific issue.
 - b) **Measure A.** This bill allows Elk Grove to maintain their seat on RT's Board at no cost to the City, except what their residents are already contributing via countywide transactions and use tax. Proponents argue that RT already receives a large contribution from Elk Grove in annual Measure A revenues that are dedicated for transit purposes, while Elk Grove receives none of that revenue. If the core policy issue is with the allocation of Measure A funds for transit in Sacramento County, which was established in an expenditure plan and passed by the voters in 2004, then the Committee may wish to consider if this bill is an appropriate avenue to address those concerns.
 - c) **Who Will Pay?** The Committee may wish to consider, absent a proportionate share payment from Elk Grove, what the potential impacts on services will be. Proponents argue that the City may have to reduce its own bus services due to lack of funding. However, this bill may require RT to reduce services to other cities and counties that do fulfill their payments to RTs. Additionally, the Committee may wish to consider if those who will be impacted the most are individuals that may not have other resources and rely on public transportation.
- 6) **Arguments in Support.** Elk Grove argues, "Existing law requires the City of Elk Grove to pay twice in order to have 1 seat on the RT Board by having the City pay a proportionate share payment determined solely by RT. Currently, RT receives nearly \$35 million in annual Measure A revenues (Elk Grove's contribution is 10% to these revenue funds which equate to \$3.5 million annually) dedicated for transit purposes from the Sacramento Transportation Authority while the city of Elk Grove receives none."
- 7) **Arguments in Opposition.** RT argues, "This bill would relieve the City from its contractual proportionate share obligation under our joint agreement for the services provided by deeming the obligation satisfied by revenues already available to RT in the form of tax revenues under Sacramento County Measure A. The practical effect of this would be to reallocate the City's proportionate costs for regional transit services provided by RT among the other participating entities or RT and result in reduced services to full member entities of RT."

REGISTERED SUPPORT / OPPOSITION:

Support

City of Elk Grove [SPONSOR]

Opposition

Sacramento Regional Transit District

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