



**Item #14-4-4
Action**

Government Relations & Public Affairs Committee

March 27, 2014

Consideration of AB 2447 – Public Contracts: Sacramento Regional Transit District

Issue: Should SACOG support AB 2447, which would increase the threshold for requiring construction contracts for the Sacramento Regional Transit District (RT) to be awarded to the lowest responsible bidder from \$5,000 to \$25,000?

Recommendation: That the Government Relations & Public Affairs Committee recommend that the Board support AB 2447.

Discussion: AB 2447 (Cooley) would authorize RT to award contracts for the construction of transit works or transit facilities that exceed \$25,000 to the lowest responsible bidder after competitive bidding.

Under present law, RT is required to utilize a formal competitive bidding process to award public works contracts in excess of \$5,000. This generally requires five weeks of bid time and costs an estimated \$1,000-2,000 in staff time. RT's current threshold was set at \$5,000 in 1982.

This bill would allow RT to streamline its contract award process for smaller public works projects by utilizing an informal competitive process. This would maintain competition, while allowing RT to move forward on smaller projects more cost-effectively and efficiently.

In the informal competitive process for projects under the threshold, RT seeks three quotations that permit prices and other terms to be compared, and then awards the contract to the bidder who submitted the lowest-qualified quotation.

Of the six largest transit operators in the state, one operates with a \$10,000 threshold (BART), three have a \$25,000 threshold (Orange County, Los Angeles, Santa Clara), and one has a \$50,000 threshold (San Diego).

RT contracts with private contractors for major construction of transit works and facilities. It uses its own staff only to perform maintenance, repairs, and minor construction.

AB 2447 is sponsored by RT. There are no known opponents. The bill is scheduled for the Assembly Local Government Committee on April 9 at 1:30 p.m.

Approved by:

Mike McKeever
Chief Executive Officer

Attachment

Key Staff: Erik Johnson, Government Affairs Team Manager, (916) 340-6247

1400104

ASSEMBLY BILL

No. 2447

Introduced by Assembly Member Cooley

February 21, 2014

An act to amend Section 20321 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 2447, as introduced, Cooley. Public contracts: Sacramento Regional Transit District.

Existing law requires the Sacramento Regional Transit District to award contracts for the construction of transit works or transit facilities that exceed \$5,000 to the lowest responsible bidder after competitive bidding, except in an emergency, as specified.

This bill would increase that amount to \$25,000.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 20321 of the Public Contract Code is
- 2 amended to read:
- 3 20321. Contracts for the construction of transit works or transit
- 4 facilities in excess of ~~five~~ *twenty-five* thousand dollars ~~(\$5,000)~~
- 5 ~~(\$25,000)~~ shall be awarded to the lowest responsible bidder after
- 6 competitive bidding, except in emergency declared by four-fifths
- 7 vote of the board of the district.

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