



STAFF REPORT

DATE: February 14, 2022

TO: Sacramento Regional Transit Board of Directors

FROM: Shelly Valenton, VP, Integrated Services and Strategic Initiatives / Chief of Staff and Olga Sanchez-Ochoa, General Counsel

SUBJ: AUTHORIZING THE GENERAL MANAGER/CEO TO PURSUE A LEGISLATIVE AMENDMENT TO THE SACRT ENABLING LEGISLATION RELATIVE TO THE BOARD'S COMPOSITION AND VOTING STRUCTURE

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Based upon the final motion to be approved by the Board at the meeting, staff will work on a legislative initiative to effectuate the board structure changes.

FISCAL IMPACT

There is no fiscal impact.

DISCUSSION

On September 23, 2021, Governor Gavin Newsom signed AB 1196 (Cooley), which changed the voting structure of Sacramento Regional Transit District's (SacRT) governing Board of Directors. AB 1196 took effect January 1, 2022 and changed SacRT's voting structure from a weighted voting to a one member, one vote structure.

The County of Sacramento (County) has raised concerns about its decrease in voting power as a result of the implementation of AB 1196. Under the previous weighted voting system, the County had a total of 32 votes and the City of Sacramento had 28 votes. Under the new structure, the County has three votes, one vote per member, and the City of Sacramento has four votes, one vote for each City representative appointed to the Board.

Additionally, during annexation discussions with the City of Elk Grove, the City of Elk Grove requested that SacRT increase its seat allocation from one seat to two. Elk Grove's population is almost double that of Folsom, Citrus Heights and Rancho Cordova's and Elk Grove believes it should have two seats on the Board. SacRT's Enabling Act did not provide a methodology to make that increase happen and SacRT committed to examine

the issue and present to the SacRT Board, for their consideration, taking legislation to the Legislature to provide Elk Grove with more representation on the Board if that was found to be feasible.

The composition of SacRT's board is set out in state law. SacRT's Enabling Act under the Public Utilities Code (PUC) was established 50 years ago and dictates the Board's composition, the way board seats are allocated and if and how representation can be increased or decreased. The Enabling Act further sets forth how the composition can be changed. With weighted voting, Cal. PUC Sec. 102105.1 authorized an increase in the number of seats apportioned to member entities if their total entitlement to votes climbed to 16 votes. However, with the adoption of AB 1196, Cal. PUC Sec. 102105.1 was repealed. Consequently, as of January 1, 2022, there are only two ways to modify the seat allocation: (1) the City of Sacramento and Sacramento County may voluntarily reduce the number of members they appoint to the Board, but their empty seats cannot be reallocated; or (2) the member entities can come together and reallocate seats based on the gross cost of service within their respective boundaries.

At the December 13, 2021, Board meeting, Staff presented available options for the Board to change its composition to impact voting power. The Board decided to form a Board Composition and Voting Structure Ad Hoc Committee (Committee) with one member from each jurisdiction. The Committee's task is to discuss potential changes to the Board's composition and reach a consensus on a proposed modification to the structure of the Board to address the representation concerns raised and present a proposal to the full Board for a vote.

At the January 10, 2022, Board meeting, Chair Miller appointed himself, Directors Budge, Howell, Hume, Nottoli and Valenzuela to the Committee.

On January 24, 2022, the Committee had its first meeting. To guide and inform the Committee's discussion, Staff provided a presentation on the board's composition and authority; the legislative timeline for a potential Board structure change; the board structure of three comparable transit agencies; and information on the transit revenue by jurisdiction. After a thorough discussion, the Committee directed Staff to provide additional information and offer options for potential Board structure change.

The Committee convened for a second meeting on January 31, 2022. At this meeting, Staff provided the Committee with the additional information requested, including the governance structure of the Sacramento County Public Library; competitive grant funding for the past five years; and historical information regarding non-elected members serving on the SacRT Board. Staff also provided the Board with three potential options for Board structure change, which included the following:

1. Add one seat to the County of Sacramento and add one seat to the City of Elk Grove (total of 13 seats); or
2. Reduce the City of Sacramento by one seat and add one seat to the City of Elk Grove (total of 11 seats); or

3. Wait until Yolo/West Sacramento potential annexation and then add one seat to the City of Elk Grove

The Committee reviewed the Board structure change options and the following proposed motion to amend SacRT's Enabling Legislation was made:

The County of Sacramento will have an additional seat (four total) and the City of Elk Grove will have an additional seat (two total) on the SacRT Board of Directors. The City of Sacramento can appoint an alternate, but they must be an elected official. The Board must revisit seat allocation no less than every 10 years, but it must happen if/when Yolo/West Sacramento annex to SacRT or whenever a member jurisdiction has had a significant population increase or decrease or change to their landscape. The maximum size of the SacRT Board will be 13 members.

Director Howell motion; Director Hume seconded. Motion was carried by roll call vote. Ayes: Directors Budge, Howell, Hume, Nottoli and Chair Miller. Noes: None; Abstain: Director Valenzuela; Absent: None.

While the motion that passed only proposed having an alternate for the City of Sacramento, Staff recommends that the Board add to the final motion the option to also have an alternate for the County of Sacramento to reflect the Committee's intent. Since the Board of Supervisors will have four of its five members sit on the SacRT Board under this proposed new structure, the County will appoint, as a common alternate, the only member of the County Board of Supervisors who is not a SacRT Board member.

Other items that were discussed at the Committee meetings include factoring available transit service by jurisdiction in determining board composition and having non-elected officials serve on the Board or as alternates.

Based upon the final motion to be approved by the full Board, staff will work on a legislative initiative to effectuate the board structure changes. Assemblymember Ken Cooley already agreed to author and carry a bill in the Legislature to *clean up* SacRT's Enabling Act language. If the full Board approves a motion to change the board structure, the approved changes will be incorporated in the *clean up* bill .

RESOLUTION NO. 22-02-0009

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

February 14, 2022

AUTHORIZING THE GENERAL MANAGER/CEO TO PURSUE A LEGISLATIVE AMENDMENT TO THE SACRT ENABLING LEGISLATION RELATIVE TO THE BOARD'S COMPOSITION AND VOTING STRUCTURE

WHEREAS, on September 23, 2021, Governor Gavin Newsom signed AB 1196 which changed the voting structure of Sacramento Regional Transit District's governing Board of Directors from a weighted voting to a one member, one vote structure effective January 1, 2022;

WHEREAS, the County of Sacramento (County) has raised concerns about its decrease in voting power as a result of the implementation of AB 1196;

WHEREAS, during annexation discussions with the City of Elk Grove, the City of Elk Grove requested that SacRT increase its seat allocation from one seat to two;

WHEREAS, the Board of Directors established a Board Composition and Voting Structure Ad Hoc Committee (Committee) with one member from each jurisdiction to reach a consensus on a proposed modification to the structure of the Board and present a proposal to the full Board for a vote.

WHEREAS, Board Chair Steve Miller appointed himself, Directors Budge, Howell, Hume, Nottoli and Valenzuela to the Ad Hoc Committee;

WHEREAS, the Committee met on January 24, 2022 and January 31, 2022 to review information presented by Staff and discuss potential options for changing the board structure;

WHEREAS, the Committee passed a motion to be presented to the full Board detailing proposed changes to SacRT's Enabling Legislation relative to the board composition;

WHEREAS, at the February 14, 2022 Board of Directors meeting, the Board will review the Committee's proposal and potentially adopt a motion that will modify the Board's composition;

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby directs and authorizes the General Manager/CEO to pursue a legislative change to SacRT's Enabling Act beginning at Cal. PUC Sec. 102000 et seq., that modifies the Board composition as approved by Motion by the Board and articulated to the General Manager/CEO at the Board's February 14, 2022 Board meeting.

THAT, the Board Secretary is hereby directed to include the full motion in the official meeting minutes for the February 14, 2022 Board Meeting and attach the official meeting minutes to this Resolution as Exhibit A.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary