

Date of Hearing: April 22, 2019

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 1457 (Reyes) – As Amended April 11, 2019

SUBJECT: Omnitrans Transit District

SUMMARY: Establishes the Omnitrans Transit District (District) in San Bernardino County. Specifically, **this bill:**

- 1) Creates, within the Public Utilities Code, the Omnitrans District Act (Act) and provides definitions to govern the Act.
- 2) Provides for the formation of the District and establishes its jurisdictional boundaries.
- 3) Specifies that the Omnitrans Joint Powers Authority (JPA) shall be dissolved and that the District shall assume all rights, obligations, property, liabilities, and indebtedness of the JPA.
- 4) Establishes a board of directors that consists of 19 members. Four members are to be appointed from the San Bernardino County Board of Supervisors, and one member from each of its 15 member cities. The Act specifies the board positions and the duties the board must perform, and specifies compensation for members.
- 5) Grants to the District specific powers, duties, and obligations.
- 6) Specifies that the District is subject to the same purchase and construction requirements as the County of San Bernardino.
- 7) Authorizes the District to provide transit services for the transportation of passengers and their incidental baggage by any means, including, but not limited to, though the operations of buses, specialized transit vehicles, and passenger rail service.
- 8) Authorizes the District to levy a transaction and use tax, subject to certain requirements, at a rate of no more than 0.5%.
- 9) Requires that before the District can adopt an ordinance to levy a transaction and use tax, the District must first obtain approval, by resolution, from the San Bernardino County Transportation Authority (SBCTA).
- 10) Authorizes the District to set fares for public transit service by resolution.
- 11) Provides that the District can issue revenue bonds consistent with the Revenue Bond Law of 1941.
- 12) Specifies that all employees of the JPA shall be appointed to comparable positions by the District and establishes the rights of the employees.
- 13) Provides for a process for the annexation and detachment of territory to and from the District, and requires that prior to detachment, all pending legal and financial obligations must be resolved by mutual agreement.

- 14) Authorizes the dissolution of the District with an 80% nonweighted vote of the District board and specifies the process for finalizing the dissolution.
- 15) Specifies that no reimbursement is required pursuant to this bill because the only costs incurred by a local agency are a result of a program for which legislative authority was requested by that local agency.

EXISTING LAW:

- 1) Creates various local agencies to perform specified transactions and duties within a prescribed area of jurisdiction, including transit agencies and transit districts.
- 2) Authorizes, under the Joint Exercise of Powers Act, two or more public agencies (i.e. federal government, any state, any state department or agency, county, county board of education, county superintendent of schools, city, public corporation, public district, and regional transportation commission in any state) to enter into a joint powers agreement to exercise jointly any power common to the contracting agencies that it can do by itself.
- 3) Authorizes cities and counties, some transportation agencies, and some transit districts to impose transactions and use taxes in 0.125% increments in addition to the state's 7.5% sales tax, provided that the combined rate in the county does not exceed 2%.

FISCAL EFFECT: Unknown

COMMENTS: For a detailed discussion of the governance issues included in this bill, please see the Assembly Local Government Committee analysis.

Omnitrans is a public transit agency that serves the San Bernardino Valley. Omnitrans currently operates local and express bus routes, as well as a rapid bus transit service, OmniGo hometown shuttle service, and Access, a paratransit service for the disabled. Established in 1976 through a JPA, Omnitrans carries approximately 16 million passengers each year throughout its 480-square mile service area, covering 15 cities and portions of the unincorporated areas of San Bernardino County. Omnitrans is administered by a Board of Directors, made up of the Mayor or Council Member from each member-City and four Supervisors of the County of San Bernardino. Each City and the County has one designated alternate board member.

Currently, Omnitrans operates various bus routes in San Bernardino County and into Riverside and Los Angeles Counties. The services are funded through a combination of federal, state, and local funds administered by SBCTA. Starting in 2021, Omnitrans will begin operating the Redlands Passenger Rail Project, also known as the Arrow Rail, providing passenger rail service between the cities of San Bernardino and Redlands. The project is a nine mile reconstruction of the existing Redlands Rail Branchline, and includes the replacement of track and bridges, communications and signals, improvements to 27 grade crossings with some potentially being closed, quiet zones, five stations, reconfiguration of a maintenance facility, and the acquisition of rail vehicles.

Construction on the project is set to begin this summer led by SBCTA. Omnitrans plans to operate the service with trains every 30 minutes, during peak commute times, and every 60 minutes off peak. The system will connect downtown Redlands, the University of the Redlands, and one of the area's largest employers, Esri, to the San Bernardino Transit Center. This

provides a connection to the Metrolink commuter rail system that currently serves the greater Los Angeles area. In fact, Metrolink plans to provide two trains per day, one at the peak morning commute time, one at the peak afternoon commute time, on the Omnitrans line all the way to the new Downtown Redlands station, providing a one-seat ride for Redlands commuters.

The Arrow service will operate Diesel Multiple Unit (DMU) rail vehicles, a multiple-unit train powered by on-board diesel engines. A DMU requires no separate locomotive, as the engines are incorporated into one or more of the carriages. A few DMU's are currently operating in California, including e-BART from Pittsburg/Bay Point station to Antioch in the San Francisco Bay Area, the Sprinter in San Diego County from Oceanside to Escondido, and the Sonoma–Marin Area Rail Transit (SMART), a 40-mile long system connecting San Rafael and Santa Rosa. DMUs cost less than half the cost of a heavy rail locomotive and use roughly 40% less fuel.

Additionally, as part of the project, SBCTA received a \$30 million grant from the state's Transit and Intercity Rail Capital Program (TIRCP) to purchase an additional rail vehicle to demonstrate the ability of a DMU to be converted into a Zero-Emission Multiple Unit (ZEMU), using a lithium-ion battery pack, to provide zero emission service in the corridor. This demonstration will also serve as the model to retrofit the aforementioned DMUs in service now.

As mentioned, SBCTA is the sponsor for the rail project, but Omnitrans will operate the Arrow service. The operation of the new rail line will be funded by SBCTA from local revenue derived from their local sales tax measure, Measure I, a 0.5% sales tax collected throughout San Bernardino County for transportation improvements. Measure I was first approved in 1989, and was extended in 2004 through 2040. This bill also authorizes the newly formed Omnitrans District to sponsor a local sales tax measure, with a maximum rate of 0.5%, in its service territory. Reflecting an agreement with SBCTA, the bill requires Omnitrans to obtain the approval of the proposed tax by a resolution adopted by the SBCTA Board of Directors.

According to the author, "AB 1457 paves the way for the Redlands Rail Project in San Bernardino County which will provide safe and efficient alternatives to freeway traffic and will be the first rail project in North America to test a battery-powered train. Omnitrans, the bill's sponsor, has received a \$30 million grant to replace one of the train's diesel engines with a lithium-ion battery powered motor, which will convert it into a truly zero-emission vehicle. Omnitrans, however, was formed as a JPA. For cost and liability reasons, trains are universally operated by transit districts. AB 1457 will convert Omnitrans from a JPA into a public transportation district without change to the way it's managed."

Writing in support of the bill, the sponsor Omnitrans, notes that, "starting in 2021, Omnitrans will begin services on the new Arrow line, a passenger commuter rail services connecting San Bernardino, Loma Linda, Redlands, and the surrounding areas. The purpose of this bill is to change Omnitrans from a public transportation agency formed as a JPA into a public transportation district, which is typical for districts offering rail service."

Writing in opposition, the California Association of Local Agency Formation Commissions (CALAFCO) states, "because AB 1457, as written today, divests LAFCO's authority for all of these changes of organization, we must oppose the bill unless amended."

Also writing in opposition, the Southern California Contractors Association (SCCA), state, “SCCA contractors contract with transit districts and would be able to serve the newly created district formed by AB 1457. To that end, SCCA requests an amendment to AB 1457 that authorizes the newly created transit district to contract for construction work in excess of \$10,000.”

Committee comments: During consideration by the Assembly Local Government Committee, the author and sponsor of this bill committed to working with both CALAFCO and SCCA regarding their concerns. Those negotiations are ongoing.

Double-referral: This bill passed out of the Assembly Local Government Committee on April 10, 2018, with a 7 to 0 vote.

Previous legislation: AB 548 (Steinorth) of 2017, would have created the Omnitrans Transit District in San Bernardino County. This bill was referred to this committee but was not heard at the request of the author.

REGISTERED SUPPORT / OPPOSITION:

Support

Omnitrans (sponsor)
San Bernardino County Transportation Authority

Opposition

California Association of LAFCOs (unless amended)
Southern California Contractors Association (unless amended)

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