

AMENDED IN ASSEMBLY MARCH 27, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 1108

Introduced by Assembly Member Goldsmith

February 23, 1995

An act to add Section 99314.8 to the Public Utilities Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1108, as amended, Goldsmith. Transportation: public transit services: ~~competitive procurement~~ *private providers*.

Under existing law, a portion of the revenues derived from the State Sales and Use Tax Law are apportioned to transportation planning agencies, county transportation commissions, and the San Diego Metropolitan Transit Development Board for allocation to eligible transit operators for public transportation purposes.

This bill would prohibit the allocation of those funds *for operating purposes* to a transit operator that does not meet specified criteria, ~~for competitive rubber tired vehicles only,~~ *for the* procurement of transit services from private transportation providers.

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

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

1 SECTION 1. The Legislature finds and declares that
2 a transit operator’s qualifying criteria for eligibility to
3 receive state transit assistance funds should include
4 measures to encourage public disclosure of other cost
5 saving delivery methods to ensure that the most efficient
6 services are being rendered to the public.

7 ~~Section 99314.8 is added to the Public Utilities Code, to~~
8 *SEC. 2. Section 99314.8 is added to the Public Utilities*
9 *Code, to read:*

10 *99314.8. No funds allocated pursuant to Sections 99313*
11 *and 99314 shall be allocated to an operator for operating*
12 *purposes unless the operator meets all of the following*
13 *criteria which are applicable only with respect to vehicles*
14 *equipped with rubber tires:*

15 (a) *Representatives of private transportation*
16 *providers are afforded the opportunity to have their*
17 *views considered in a consultative process when an*
18 *operator is in the early stages of route restructuring, or*
19 *service additions or reductions, including special service*
20 *requests and paratransit services. The financial resources*
21 *of private enterprise to finance capital projects under a*
22 *“turnkey” arrangement shall also be part of the*
23 *consultative process.*

24 (b) *For purposes of this section:*

25 (1) *“Route restructuring” means not less than a 25*
26 *percent decrease or increase in the revenue miles of a*
27 *route.*

28 (2) *“Service reduction” means a reduction in service*
29 *resulting from a pending budgetary shortfall.*

30 (3) *“Service addition” means not less than a 50 percent*
31 *increase to an existing route or a new route or routes.*

32 (c) (1) *The operator incorporates in the planning*
33 *process for service additions or reductions, a “cost*
34 *comparison” analysis of the new services under*
35 *consideration or, in the case of budget deficit reductions,*
36 *a “cost comparison” analysis under a route reduction*
37 *mitigation plan that takes into consideration, but is not*
38 *limited to, reducing the costs of other high-deficit*



1 services not directly subject to the actual routes being
2 proposed for elimination or reduction pursuant to an
3 environmental impact report or negative declaration.

4 (2) The “cost comparison” analysis to determine
5 potential cost differences between in-house and
6 competitively procured service uses a cost allocation
7 method that is consistent with generally accepted cost
8 allocation principles. The cost of comparable services
9 being purchased in the competitive market is used for
10 cost comparison purposes. Prices solicited from private
11 firms shall be guaranteed for not more than one year from
12 price submittal. A public agency and its collective
13 bargaining unit or any other public agencies or
14 bargaining units may submit competing proposals
15 pursuant to an RFP (request for proposals) or IFB
16 (informal bidding) process. No fare increases shall be
17 implemented on those routes that an agency decides to
18 operate under a competitive procurement arrangement.

19 (3) The “cost comparison” analysis is disclosed as part
20 of the public hearing or decisionmaking process to give
21 the public an adequate opportunity to comment on the
22 findings and alternatives under consideration by the
23 operator.

24 (4) Representatives of private transportation
25 providers are consulted in the development of the “cost
26 comparison” analysis.

27 (d) The operator has adopted a dispute resolution
28 process that reasonably affords private operators and
29 representatives of private providers an opportunity to
30 protest decisions pertaining to the criteria prescribed by
31 this section.

32 (e) The performance audit of the operator, performed
33 pursuant to Section 99246, includes a finding as to
34 whether the operator’s cost allocation methodology
35 meets the test of generally accepted cost allocation
36 standards, and a review by the auditor of any private
37 sector protests and recommendations to help resolve the
38 issues raised.

39 read:



1 99314.8. No funds allocated pursuant to Sections 99313
2 and 99314 shall be allocated to an operator unless the
3 operator meets all of the following criteria:

4 (a) Representatives of private transportation
5 providers are afforded the opportunity to have their
6 views considered in a consultative process when an
7 operator is in the early stages of route restructuring, or
8 service additions or reductions, including special service
9 requests and paratransit services. The financial resources
10 of private enterprise to finance capital projects under a
11 “turnkey” arrangement shall also be part of the
12 consultative process.

13 (b) (1) The operator incorporates in the planning
14 process for service additions or reductions, a “make or
15 buy” analysis of the new services under consideration or,
16 in the case of budget deficit reductions, a “make or buy”
17 analysis under a route reduction mitigation plan that
18 takes into consideration, but is not limited to, reducing
19 the costs of other high deficit services not directly subject
20 to the actual routes being proposed for elimination or
21 reduction pursuant to an environmental impact report or
22 negative declaration.

23 (2) The “make or buy” analysis to determine potential
24 cost differences between in-house and competitively
25 procured service uses a cost allocation method that is
26 consistent with generally accepted cost allocation
27 principles and excludes by department or specific line
28 items those costs not associated with the service being
29 analyzed. The cost of comparable services being
30 purchased in the competitive market is used for cost
31 comparison purposes.

32 (3) The “make or buy” analysis is disclosed as part of
33 the public hearing or decisionmaking process to give the
34 public an adequate opportunity to comment on the
35 findings and alternatives under consideration by the
36 operator.

37 (4) Representatives of private transportation
38 providers are consulted in the development of the “make
39 or buy” analysis.



1 ~~(c) The operator has adopted a dispute resolution~~
2 ~~process that reasonably affords private operators and~~
3 ~~representatives of private providers an opportunity to~~
4 ~~protest decisions pertaining to the criteria prescribed by~~
5 ~~this section and an opportunity to appeal an operator's~~
6 ~~decision to the appropriate transportation planning~~
7 ~~agency or county transportation commission.~~

8 ~~(d) The performance audit of the operator, performed~~
9 ~~pursuant to Section 99246, includes a finding as to~~
10 ~~whether the operator's cost allocation methodology~~
11 ~~meets the test of generally accepted cost allocation~~
12 ~~standards, and a review by the auditor of any private~~
13 ~~sector protests and recommendations to help resolve the~~
14 ~~issues raised.~~

