

MONTEREY COUNTY



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February 2, 2023

The Honorable John Laird
California State Senate
1021 O Street, Suite 8720
Sacramento, CA 95814

RE: SB 304 (Laird) Monterey-Salinas Transit District (MST) Procurement Threshold Increase – Support

Dear Senator Laird:

On behalf of County of Monterey, we support SB 304 (Laird) MST's request for proposed legislation, which would increase the threshold for procurements by Monterey-Salinas Transit (MST) for services, supplies, equipment, and materials in order to adhere to guidance issued by the Federal Transit Administration (FTA), reflect the threshold applied to other California transit agencies, and keep pace with the consumer price index (CPI). MST's current threshold was established in 2010 and has not been adjusted in more than a decade.

Under Section 106057 of the Public Utilities Code, MST is currently required to purchase all supplies, equipment, and materials by contract, let to the lowest responsible bidder, or by best value, through a formal solicitation when the expenditure required exceeds \$100,000. This threshold allows small, routine purchases under the \$100,000 threshold to be carried out expeditiously without the necessity of going through a formal bid process, allowing MST to conserve time and resources. Over the last decade, the costs for supplies, equipment, and materials have risen significantly while MST's procurement limits have remained constant. This means that minor repairs, projects or supply purchases (such as bus parts and facilities equipment) increasingly exceed the limits, requiring a lengthy formal bid process, adding more time and requiring more resources to conduct routine procurements. Additionally, MST has seen certain small services engagements, for things like a consult to prepare zero-emission bus transition plan, subjected to lengthy procurements that slow responsiveness and present operating challenges.

This bill would increase, from \$100,000 to \$150,000, the point at which purchases of supplies, equipment, and materials are subjected to a formal bid process. This threshold is in-line with Federal Transit Administration (FTA) procurement standards and mirrors similar provisions in other transit districts' procurement statutes. The bill's revised threshold also keeps pace with inflationary adjustments, tracking closely with CPI over the last 12 years. This bill also raises the requirement for MST to obtain at least three quotations on smaller purchases to anything exceeding \$10,000 (up from the current level of \$2,500). Finally, the bill would subject the procurement of any "services" obtained valued at less than \$150,000 to the streamlined process.

For these reasons, Monterey County strongly supports this proposed legislation. Should you have any questions, please feel free to contact Monterey County's Public Policy Advisor, Ashley Walker of Nossaman LLP at 916-442-8888.

Sincerely,

DRAFT

Luis A. Alejo, Chair
Monterey County Board of Supervisors

Cc: Hon. Anna Caballero, 14th Senate District
Hon. Robert Rivas, 29th Assembly District
Hon. Dawn Addis, 30th Assembly District
California State Association of Counties (CSAC)
Rural County Representatives of California (RCRC)