

**Introduced by Senators Perata and Torlakson**February 22, 2005

---

---

An act to add Chapter 12.49 (commencing with Section 8879.20) to Division 1 of Title 2 of the Government Code, relating to seismic improvements by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1024, as introduced, Perata. Seismic improvements: bond measure.

(1) Existing law sets forth a funding plan for the seismic retrofit or replacement of certain state-owned toll bridges by the Department of Transportation. Existing law, pursuant to Proposition 192 of 1996, provides \$2 billion in voter-approved general obligation bond funds for state highway and toll bridge seismic work. Existing law imposes certain seismic safety requirements on hospitals.

This bill would enact the Essential Facilities Seismic Retrofit Bond Act of 2005 to authorize an unspecified amount in state general obligation bonds for the seismic retrofit of essential facilities throughout the state, including toll bridges and hospitals, subject to voter approval. Of the total amount of the bond measure, \$3.22 billion would be designated for seismic work on toll bridges and an unspecified amount would be designated for seismic work on hospitals.

This bill would require the Secretary of State to submit the proposed bond measure to the voters at an unspecified election.

This bill would require the Department of Transportation to report on its expenditure of toll bridge funds and would authorize the

department to use bond funds to reimburse other state transportation accounts for costs associated with a rebid of the contract to construct the replacement east span of the San Francisco-Oakland Bay Bridge. The bill would enact other related provisions.

This bill would declare that it is to take effect immediately as an urgency measure.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. Chapter 12.49 (commencing with Section  
2 8879.20) is added to Division 1 of Title 2 of the Government  
3 Code, to read:

4  
5 CHAPTER 12.49. ESSENTIAL FACILITIES SEISMIC RETROFIT  
6 BOND ACT

7  
8 Article 1. General Provisions  
9

10 8879.20. (a) This chapter shall be known as the Essential  
11 Facilities Seismic Retrofit Bond Act of 2005.

12 (b) This chapter shall only become operative upon adoption by  
13 the voters at the November \_\_\_\_ election.

14 8879.21. (a) The Legislature finds and declares that the  
15 completion of seismic safety retrofit work on state-owned toll  
16 bridges and on non-profit, county, and rural hospitals is essential  
17 to the welfare and economy of the state.

18 (b) The purpose of this bond act is to pay for the completion  
19 of the state Toll Bridge Seismic Safety Retrofit Program  
20 (TBSSRP) as expeditiously as possible and to provide state  
21 assistance to non-profit, county, and rural hospitals so that they  
22 can make seismic safety improvement to hospital facilities  
23 consistent with the requirements under the Alfred E. Alquist  
24 Hospital Seismic Safety Act of 1973 (Sections 130000 to  
25 130070, inclusive, of the Health and Safety Code) as amended by  
26 SB 1953 (Chapter 740 of the Statutes of 1994).

27 (c) The Department of Transportation notified the Legislature  
28 on August 16, 2004, that the costs to complete the TBSSRP  
29 exceeded the authorized budget contained in Section 188.5 of the

1 Streets and Highways Code by three billion two hundred twenty  
2 million dollars (\$3,220,000,000).

3 (d) The expeditious completion of the TBSSRP is essential to  
4 the welfare and economy of the state and to the safety of the  
5 nearly 300,000 daily motorists who use the state-owned toll  
6 bridges requiring seismic retrofit work.

7 (e) The department shall take all actions necessary to proceed  
8 as expeditiously as possible to seismically retrofit the  
9 Richmond-San Rafael Bridge and to replace the eastern span of  
10 the San Francisco-Oakland Bay Bridge with a new, seismically  
11 safe structure, as described in paragraph (9) of subdivision (b) of  
12 Section 188.5 of the Streets and Highways Code.

13 (f) It was the original intent of the Legislature to fund the  
14 TBSSRP with the proceeds of bonds through the enactment of  
15 SB 146 (Chapter 310 of the Statutes of 1995), which placed  
16 Proposition 192 on the ballot in March, 1996. Proposition 192  
17 was overwhelmingly approved by the voters on March 26, 1996,  
18 but provided only a small fraction of the increased amount of  
19 funding required to complete the TBSSRP.

20 (g) It is the intent of the Legislature to fund the remaining  
21 three billion two hundred twenty million dollars  
22 (\$3,220,000,000) needed to complete the TBSSRP from the  
23 proceeds of bonds made available by this chapter upon approval  
24 by the voters at the November \_\_\_\_\_ election.

25 (h) The department shall report within 30 days of the end of  
26 each month to the Joint Legislative Budget Committee, the  
27 committees in each house of the Legislature that consider  
28 transportation issues, the Department of Finance, the California  
29 Transportation Commission, and the Bay Area Toll Authority  
30 (BATA) regarding the department's progress toward completion  
31 of the TBSSRP and the use of funds made available to it by this  
32 act.

33 (i) The Legislature intends, with the adoption of this chapter,  
34 to meet the state's obligation and duty to complete the TBSSRP  
35 without forcing the unprogramming of other transportation  
36 projects or the reallocation of transportation funds from other  
37 high-priority projects throughout the state.

38 (j) Proceeds made available under this act may be used by the  
39 department to reimburse state transportation accounts for funds  
40 utilized by the department to rebid the contract to construct the

1 main span of the San Francisco-Oakland Bay Bridge consistent  
2 with paragraph (9) of subdivision (b) of Section 188.5 Streets and  
3 Highways Code.

4 (k) With respect to the completion of the TBSSRP, bond  
5 monies from this act in the amount of three billion two hundred  
6 twenty million dollars (\$3,220,000,000) are to be used  
7 exclusively to pay for the costs that exceed those enumerated in  
8 Section 188.5 of the Streets and Highways Code to complete the  
9 retrofit of the Richmond-San Rafael Bridge and the replacement  
10 of the eastern span of the San Francisco-Oakland Bay Bridge as  
11 described in paragraph (9) of subdivision (b) of that section.

12 (l) With respect to seismic retrofit of non-profit, county and  
13 rural hospitals, bond monies from this act in the amount of \_\_\_\_\_  
14 (\$ \_\_\_\_\_) shall be used to provide assistance to nonprofit, county,  
15 and rural hospitals in order to allow these hospitals to meet their  
16 seismic safety requirements in current law.

17 8879.22. As used in this chapter, the following terms have the  
18 following meanings:

19 (a) "Board" means any department receiving an allocation  
20 from the Department of Finance.

21 (b) "Committee" means the Essential Facilities Seismic  
22 Retrofit Finance Committee created pursuant to Section 8879.27.

23 (c) "Fund" means the Essential Facilities Seismic Retrofit  
24 Bond Fund of 2005 created pursuant to Section 8879.23.

25

26 Article 2. Essential Facilities Seismic Retrofit Bond Fund and  
27 Program  
28

29 8879.23. The Essential Facilities Seismic Retrofit Bond Fund  
30 of 2005 is hereby created in the State Treasury. The proceeds of  
31 bonds issued and sold pursuant to this chapter for the purposes  
32 specified in this chapter are hereby appropriated, without regard  
33 to fiscal years, to the Department of Finance for allocation in the  
34 following manner:

35 (a) Three billion two hundred twenty million dollars  
36 (\$3,220,000,000) for the seismic retrofit of state-owned  
37 highways and bridges, including toll bridges, throughout the  
38 state. Funds allocated by the California Transportation  
39 Commission for this purpose shall be deposited in the 2005  
40 Seismic Retrofit Account, which is hereby created in the fund,

1 and, upon deposit, are continuously appropriated to the  
 2 Department of Transportation. Funds may be used to match any  
 3 available federal funds for transportation purposes or may be  
 4 used without matching federal funds to reconstruct, replace, or  
 5 retrofit state-owned highways and bridges, including toll bridges.

6 (b) \_\_\_\_\_ dollars (\$\_\_\_\_\_) to provide state assistance to  
 7 nonprofit, county, and rural hospitals so that they can make  
 8 seismic safety improvement to hospital facilities consistent with  
 9 the requirements under the Alfred E. Alquist Hospital Seismic  
 10 Safety Act of 1973 (Sections 130000 through 130070 of the  
 11 Health and Safety Code) as amended by SB 1953 (Chapter 740  
 12 of the Statutes of 1994).

13 8879.24. (a) The Department of Transportation shall only use  
 14 funds specified in subdivision (a) of Section 8879.23 for seismic  
 15 retrofit of state-owned toll bridges and bridges in augmentation  
 16 of the funds identified in Section 188.5 of the Streets and  
 17 Highways Code.

18 (b) The Director of Finance shall provide written notification  
 19 to the Chair of the Joint Legislative Budget Committee of the  
 20 date when the proceeds of the Essential Facilities Seismic  
 21 Retrofit Bond Act of 2005 have been fully expended for the  
 22 purposes specified in subdivision (a).

23  
 24 Article 3. Fiscal Provisions  
 25

26 8879.25. Bonds in the total amount of \_\_\_\_\_ dollars  
 27 (\$\_\_\_\_\_), exclusive of refunding bonds, or so much thereof as  
 28 is necessary, are hereby authorized to be issued and sold for  
 29 carrying out the purposes expressed in this chapter and to  
 30 reimburse the General Obligation Bond Expense Revolving Fund  
 31 pursuant to Section 16724.5. All bonds herein authorized which  
 32 have been duly sold and delivered as provided herein shall  
 33 constitute valid and legally binding general obligations of the  
 34 state, and the full faith and credit of the state is hereby pledged  
 35 for the punctual payment of both principal and interest thereof.

36 8879.26. The bonds authorized by this chapter shall be  
 37 prepared, executed, issued, sold, paid, and redeemed as provided  
 38 in the State General Obligation Bond Law (Chapter 4  
 39 (commencing with Section 16720) of Part 3 of Division 4),  
 40 except Section 16727, and all of the other provisions of that law

1 as amended from time to time apply to the bonds and to this  
2 chapter and are hereby incorporated in this chapter as though set  
3 forth in full in this chapter.

4 8879.27. (a) Solely for the purpose of authorizing the  
5 issuance and sale, pursuant to the State General Obligation Bond  
6 Law, of the bonds authorized by this chapter, the Essential  
7 Facilities Seismic Retrofit Finance Committee is hereby created.  
8 For the purposes of this chapter, the Essential Facilities Seismic  
9 Retrofit Finance Committee is “the committee” as that term is  
10 used in the State General Obligation Bond Law. The committee  
11 consists of the Treasurer, the Controller, the Director of Finance,  
12 and the Secretary of the Business, Transportation and Housing  
13 Agency, or a designated representative of each of those officials.  
14 The Treasurer shall serve as the chairperson of the committee. A  
15 majority of the committee may act for the committee.

16 (b) The committee may adopt guidelines establishing  
17 requirements for administration of its financing programs to the  
18 extent necessary to protect the validity of, and tax exemption for,  
19 interest on the bonds. The guidelines shall not constitute rules,  
20 regulations, orders, or standards of general application.

21 (c) For the purposes of the State General Obligation Bond  
22 Law, any department receiving an allocation from the  
23 Department of Finance is designated to be the “board.”

24 8879.28. Upon request of the board stating that funds are  
25 needed for toll bridge or hospital seismic retrofit purposes, the  
26 committee shall determine whether or not it is necessary or  
27 desirable to issue bonds authorized pursuant to this chapter in  
28 order to carry out the actions specified in Section 8879.23, and, if  
29 so, the amount of bonds to be issued and sold. Successive issues  
30 of bonds may be authorized and sold to carry out those actions  
31 progressively, and be sold at any one time. Bonds may bear  
32 interest subject to federal income tax.

33 8879.29. There shall be collected annually, in the same  
34 manner and at the same time as other state revenue is collected, a  
35 sum of money in addition to the ordinary revenues of the state,  
36 sufficient to pay the principal of, and interest on, the bonds as  
37 provided herein, and all officers required by law to perform any  
38 duty in regard to the collections of state revenues shall collect  
39 that additional sum.

1 8879.30. Notwithstanding Section 13340, there is hereby  
2 appropriated from the General Fund in the State Treasury, for the  
3 purposes of this chapter, an amount that will equal the total of the  
4 following:

5 (a) The sum annually necessary to pay the principal of, and  
6 interest on, bonds issued and sold pursuant to this chapter, as the  
7 principal and interest become due and payable.

8 (b) The sum which is necessary to carry out Section 8879.32,  
9 appropriated without regard to fiscal years.

10 8879.31. The board may request the Pooled Money  
11 Investment Board to make a loan from the Pooled Money  
12 Investment Account, in accordance with Section 16312, for  
13 purposes of this chapter. The amount of the request shall not  
14 exceed the amount of the unsold bonds which the committee has,  
15 by resolution, authorized to be sold for the purpose of this  
16 chapter, less any amount withdrawn pursuant to Section 8879.32.  
17 The board shall execute any documents as required by the Pooled  
18 Money Investment Board to obtain and repay the loan. Any  
19 amount loaned shall be deposited in the fund to be allocated in  
20 accordance with this chapter.

21 8879.32. For the purpose of carrying out this chapter, the  
22 Director of Finance may, by executive order, authorize the  
23 withdrawal from the General Fund of any amount or amounts not  
24 to exceed the amount of the unsold bonds which the committee  
25 has, by resolution, authorized to be sold for the purpose of  
26 carrying out this chapter. Any amounts withdrawn shall be  
27 deposited in the Essential Facilities Seismic Retrofit Bond Fund  
28 of 2005. Any money made available under this section shall be  
29 returned to the General Fund, plus the interest that the amounts  
30 would have earned in the Pooled Money Investment Account,  
31 from money received from the sale of bonds which would  
32 otherwise be deposited in that fund.

33 8879.33. The bonds may be refunded in accordance with  
34 Article 6 (commencing with Section 16780) of the State General  
35 Obligation Bond Law. Approval by the electors of this act shall  
36 constitute approval of any refunding bonds issued pursuant to the  
37 State General Obligation Bond Law.

38 8879.34. Notwithstanding anything in the State General  
39 Obligation Bond Law, the maximum maturity of any bonds  
40 authorized by this chapter shall not exceed 30 years from the date

1 of each respective series. The maturity of each series shall be  
2 calculated from the date of each series.

3 8879.35. The Legislature hereby finds and declares that,  
4 inasmuch as the proceeds from the sale of bonds authorized by  
5 this chapter are not “proceeds of taxes” as that term is used in  
6 Article XIII B of the California Constitution, the disbursement of  
7 these proceeds is not subject to the limitations imposed by that  
8 article.

9 8879.36. Notwithstanding any provision of the State General  
10 Obligation Bond Law with regard to the proceeds from the sale  
11 of bonds authorized by this chapter that are subject to investment  
12 under Article 4 (commencing with Section 16470) of Chapter 3  
13 of Part 2 of Division 4, the Treasurer may maintain a separate  
14 account for investment earnings, order the payment of those  
15 earnings to comply with any rebate requirement applicable under  
16 federal law, and may otherwise direct the use and investment of  
17 those proceeds so as to maintain the tax-exempt status of those  
18 bonds and to obtain any other advantage under federal law on  
19 behalf of the funds of this state.

20 SEC. 2. Section 1 of this act shall become operative upon  
21 adoption by the voters of the Essential Facilities Seismic Retrofit  
22 Bond Act of 2005, as set forth in Section 1 of this act.

23 SEC. 3. (a) Notwithstanding Sections 9040, 9043, 9044,  
24 9061, and 9094 of the Elections Code, or any other provision of  
25 law, the Secretary of State shall submit Section 1 of this act to  
26 the voters at the November election.

27 (b) The Secretary of State shall ensure the placement of  
28 Section 1 of this act on the November election ballot, in  
29 substantial compliance with any statutory time requirements  
30 applicable to the submission of statewide measures to the voters  
31 at a statewide election.

32 (c) The Secretary of State shall include, in the ballot pamphlet  
33 mailed pursuant to Section 9094 of the Elections Code, the  
34 information specified in Section 9084 of that code regarding the  
35 bond act contained in Section 1 of this act.

36 SEC. 4. Notwithstanding any other provision of law, all  
37 ballots shall have printed thereon and in a square thereof, the  
38 words: “Essential Facilities Seismic Retrofit Bond Act of 2005,”  
39 and in the same square under those words, the following in  
40 8-point type: “This act provides for a bond issue of \_\_\_\_ dollars

1 (\$\_\_\_\_) to provide funds for an essential facilities seismic retrofit  
2 program.” Opposite the square, there shall be left spaces in which  
3 the voters may place a cross in the manner required by law to  
4 indicate whether they vote for or against the act.

5 Where the voting in the election is done by means of voting  
6 machines used pursuant to law in the manner that carries out the  
7 intent of this section, the use of the voting machines and the  
8 expression of the voters’ choice by means thereof are in  
9 compliance with this section.

10 SEC. 5. This act is an urgency statute necessary for the  
11 immediate preservation of the public peace, health, or safety  
12 within the meaning of Article IV of the Constitution and shall go  
13 into immediate effect. The facts constituting the necessity are:

14 In order for this act to be submitted to voters at the earliest  
15 possible time, it is necessary for this act to take effect  
16 immediately.