

AMENDED IN ASSEMBLY JUNE 12, 2014

SENATE BILL

No. 854

Introduced by Committee on Budget and Fiscal Review

January 9, 2014

~~An act relating to the Budget Act of 2014.~~ *An act to amend Sections 17224, 17250.30, and 81704 of the Education Code, to amend Sections 6204, 6531, 11270, 11544, 12153, 12168.7, 12224, 12225, 12227, 12228, 12229, 12230, 12231, 12232, 12233, 12236, 12432, 12478, 13300.5, 13332.11, 13332.19, 13963.1, 14740, 14745, 14746, 16429.1, 16731.6, 17090, 17091, 17093, 17094, 17095, 17096, 17097, 17617, 22802, 22910, 22910.5, and 22913 of, to add Section 20035.11 to, to add Article 7 (commencing with Section 12270) to Chapter 3 of Part 2 of Division 3 of Title 2 of, to add Chapter 10 (commencing with Section 11850) to Part 1 of Division 3 of Title 2 of, to repeal Sections 11548.5, 12234, 12235, and 26915 of, to repeal Article 3 (commencing with Section 14750), Article 4 (commencing with Section 14755), Article 6 (commencing with Section 14765), and Article 7 (commencing with Section 14769) of Chapter 5 of Part 5.5 of, and to repeal Chapter 7 (commencing with Section 15849.20) of Part 10b of, Division 3 of Title 2 of, the Government Code, to amend Sections 50661, 51452, and 53545 of, and to repeal Sections 50840, 50841, and 50842 of, the Health and Safety Code, to amend Sections 135, 1771.5, 1771.7, and 1776 of, to add Sections 1725.5, 1771.1, and 1771.4 to, and to repeal and add Sections 1771.3 and 1773.3 of, the Labor Code, to amend Section 179 of the Military and Veterans Code, to amend Sections 1485.5 and 13835.7 of the Penal Code, to amend Sections 20133, 20175.2, 20193, 20209.7, 20688.6, and 20919.3 of, and to repeal and add Sections 6823 and 6953 of, the Public Contract Code, and to repeal and add Sections 100152 and 103396 of the Public Utilities Code, to amend Section 75.70 of, and to add Section 95.5 to, the Revenue and Taxation Code, to amend*

Sections 1112, 1112.5, 1114, 1126, 1127, 1135, and 1585.5 of the Unemployment Insurance Code, and to amend Section 2 of Chapter 469 of the Statutes of 2002, relating to state and local government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 854, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2014—State and local government.~~

(1) Existing law requires a school district to be subject to nonuse payments, except as specified, if the school district acquires or has acquired a site for school purposes, as determined by the State Allocation Board, and the school district does not use the site within 5 years of the date of acquisition for kindergarten or any of grades 1 to 8, inclusive, or within 7 years of the date of acquisition for grades 7 to 12, inclusive; or a site at any grade level that has previously been used but has not been used for school purposes within the preceding 5 years. Existing law requires the Executive Officer of the State Allocation Board to compute and certify to the Controller the amount of the nonuse payments. Existing law requires the Controller to deduct the total amount of the payment, as specified, from apportionments made to the school district from the State School Fund and transfer the amount so deducted to the State School Site Utilization Fund. Existing law requires any funds in the State School Site Utilization Fund, including interest, that are not subject to return to a school district, as specified, to revert to the State School Deferred Maintenance Fund.

This bill would instead require any funds in the State School Site Utilization Fund, including interest, that are not subject to return to a school district, as specified, to be allocated, upon appropriation by the Legislature, for purposes of administering the Leroy F. Greene School Facilities Act of 1998. The bill would require any unencumbered funds in the State School Deferred Maintenance Fund on July 1, 2014, to be transferred to the State School Site Utilization Fund.

(2) Existing law, with exceptions, requires all workers employed on a public works project, as specified, to be paid the general prevailing wage rate, as determined by the Director of Department of the Industrial Relations. The department is required to monitor and enforce compliance with all applicable prevailing wage requirements for any public works project paid for in whole or in part out of public funds,

as specified. The reasonable and directly related costs of monitoring and enforcing compliance with the applicable prevailing wage requirements on a public works project incurred by the department are payable by the awarding body of the public works project, except as specified, as a cost of construction. The moneys are deposited into the State Public Works Enforcement Fund, a continuously appropriated fund, to be used in the department's monitoring and enforcement duties.

This bill would revise and recast these provisions to, among other things, delete the requirement that the awarding body pay the department's costs for monitoring and enforcing compliance with prevailing wage requirements as a cost of construction, and would instead require a contractor to be registered and qualified by the department in order to bid on, be listed in a bid proposal for, or engage in the performance of any contract for a public work. Beginning July 1, 2014, a contractor or subcontractor would be required to register with the department, pay an initial nonrefundable registration fee of \$300, pay an annual renewal fee each July 1 thereafter, and as part of the registration process, provide specified information to establish the contractor's eligibility to be registered. The bill would except from the application of these provisions contracts determined to be for public work only after the contract has been awarded or the bid has been awarded, except as specified. The bill would require the department to maintain a list of registered contractors on its Internet Web site.

The fees would be deposited into the State Public Works Enforcement Fund, which would no longer be continuously appropriated, and would be used only for the reasonable costs of administering the registration and qualification of contractors, the costs and obligations associated with administration and enforcement requirements with regard to the prevailing wage provisions, and public works projects monitoring and enforcement duties of the Labor Commissioner. The bill would provide for an adjustment of renewal fees based on the balance of the fund, as specified. These provisions would apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work entered into on or after April 1, 2015. The bill also would provide for notice, record keeping, and reporting requirements, as specified.

This bill would authorize the Director of Finance, with the concurrence of the Secretary of the Labor Workforce and Development Agency, to approve a short-term loan each fiscal year from the Labor and Workforce Development Fund to the State Public Works Enforcement Fund, as provided.

This bill would also make conforming changes and delete obsolete provisions with regard to specified awarding body compliance programs and specified awarding body collective bargaining agreements.

(3) The Public Employees' Retirement Law (PERL) prescribes a comprehensive set of rights and duties for members of the Public Employees' Retirement System (PERS) and provides those members a defined benefit based upon age, service credit, and final compensation. PERL provides various definitions of final compensation based upon when PERS members are first employed and member classifications. Existing law, the California Public Employees' Pension Reform Act of 2013 (PEPRA), establishes various limits on retirement benefits generally applicable to a public employee retirement system in the state, with specified exceptions. PEPRA defines final compensation for members of public employee retirement systems hired after January 1, 2013, as specified.

This bill would provide for the phased application of specified salary increases to supervisors and managers of State Bargaining Unit 9 and State Bargaining Unit 10, effective July 1, 2014, for the purposes of defining final compensation and calculating pensionable compensation or compensation earnable in relation to pensions and benefits. The bill would require these supervisors and managers to pay employee retirement contributions on the full amount of the salary increase provided pursuant to the pay letter and would prohibit a refund of the contributions unless a supervisor or manager elects a full refund of retirement contributions and ceases to be a member of the retirement system. The bill would require that any increased costs of administration of these provisions would be paid by the employers. The bill would prescribe duties for the Department of Human Resources and the Controller in connection with implementing and administration of these provisions.

(4) Existing law requires the Secretary of State to appoint a Keeper of the Archives who is responsible for the preservation and indexing of material deposited in the State Archives.

This bill would change the title of that position to Chief of Archives.

Existing law requires the Department of General Services to manage state records.

This bill would instead require the Secretary of State to manage state records and the Department of General Services to store state records, as specified.

Existing law authorizes the Workers' Compensation Appeals Board, with the approval of the Department of Finance, to dispose of specified files the board maintains.

This bill would instead require the board to obtain the approval of the Secretary of State.

This bill would also make technical, nonsubstantive, and conforming changes to these provisions.

(5) Existing law creates the Department of Technology Services Revolving Fund within the State Treasury to receive all revenues from the sale of technology or specified technology services, for other services rendered by the Department of Technology, and all other moneys properly credited to the Department of Technology and to be used, upon appropriation by the Legislature, for specified purposes with respect to the administration of the Department of Technology. Existing law authorizes the Department of Technology to collect payments and require monthly payments from public agencies that have requested services for the services provided.

This bill would instead authorize the Department of Technology to collect payments and require monthly payments from public agencies for services provided.

(6) Existing law, until January 1, 2015, creates within the Government Operations Agency the Department of Technology which is supervised by the Director of Technology. Existing law authorizes the Director of Technology and the Department of Technology to exercise various powers in creating and managing the information technology policy of the state among other things.

This bill would extend the operation of these provisions indefinitely.

(7) Existing law requires the Department of Finance to certify annually to the Controller the amount determined to be the fair share of administrative costs due and payable from each state agency and to certify to the Controller any amount redetermined to be the fair share of administrative costs due and payable from a state agency. Existing law requires the Controller to notify a state agency of that amount, and, unless the state agency requests that those payments be deferred, to transfer that amount from specified funds to the Central Service Cost Recovery Fund or the General Fund, as specified. Existing law defines "administrative costs" as the amounts expended by various specified state entities for supervision or administration of the state government or for services to the various state agencies.

Within that definition, this bill would make technical changes by updating the names of various states entities and would also make a conforming change.

(8) Existing law requires the Department of Finance, the Controller, the Treasurer, and the Department of General Services to collaboratively develop, implement, utilize, and maintain the Financial Information System for California, also known as FISCAL, to optimize the financial business management of the state. Existing law establishes the FISCAL Internal Services Fund, the FISCAL Support Fund, the FISCAL Debt Service Fund, and the FISCAL System Development Fund in the State Treasury, and provides that funds in the FISCAL Internal Services Fund and a specified subaccount are continuously appropriated. Existing law authorizes the State Public Works Board to issue bonds, notes, or certificates to finance and to refinance the costs of the FISCAL system and authorizes loans from the General Fund to pay for the costs of the FISCAL system. Existing law authorized the FISCAL Project Office in the Department of Finance to establish rates and a payment schedule for state departments and agencies to use the FISCAL system.

This bill would repeal these provisions and establish instead revised and modified provisions continuing the existence of the FISCAL system pursuant to the Financial Information System for California (FISCAL) Act. The act would, among other things, require the Department of Finance, the Controller, the Treasurer, and the Department of General Services to collaboratively develop, implement, utilize, and maintain the FISCAL system to be used upon full implementation, by all state departments and agencies, as defined. The act would require, throughout the development of the FISCAL system, the California State Auditor's Office to independently monitor the FISCAL system as the California State Auditor deems appropriate in accordance with certain factors.

The act would continue the existence of the FISCAL Internal Services Fund and create the FISCAL Consolidated Payment Fund for consolidated payments to payees of moneys otherwise appropriated to those payees from the State Treasury. The act would require the FISCAL project office, subject to the approval of the Department of Finance, to establish and assess fees and a payment schedule for state departments and agencies to use or interface with the FISCAL system. The act would further require the office and the FISCAL Service Center to obtain fingerprint images and associated information from any employee, prospective employee, contractor, subcontractor, volunteer, vendor, and partner agency employee assigned to the office whose duties

include, or would include, having access to confidential or sensitive information or data on the network or computing infrastructure. The act would authorize individuals, based on the results of their background check performed through the fingerprint identification, to be rejected from employment, as specified.

The act would establish the FISCAL Service Center to incrementally assume responsibility of the FISCAL system functionality, as portions of the FISCAL system are implemented and accepted, and to, upon full implementation and final acceptance of the FISCAL system, perform all maintenance and operation of the FISCAL system.

Existing law authorizes the Controller, if a warrant is lost or destroyed before it is paid by the Treasurer, to issue of a duplicate warrant under specified conditions and subject to certain limitations.

This bill would replace the term “duplicate” with “replacement” and make other nonsubstantive conforming changes.

(9) Existing law authorizes, until June 30, 2014, the Controller to procure, modify, and implement a new human resource management system that meets the needs of a modern state government, known as the 21st Century Project.

This bill would extend that authorization for one more year, until June 30, 2015.

(10) Existing law, except as specified, prohibits any state agency from expending funds appropriated for capital outlay projects or for design-build projects until the Department of Finance and the State Public Works Board have approved preliminary plans for a capital outlay project, or concept drawings and performance criteria for a design-build project. Existing law authorizes the board to augment a major capital outlay project or a design-build project in an amount of up to 20% of the total appropriation for that project, including a reasonable construction reserve within the project construction fund. Existing law authorizes the board to use the reserve amount to augment a capital outlay project or design-build project, when and if necessary, after the lease revenue bonds are sold to ensure completion of the project. Existing law requires, upon completion of a capital outlay project or design-build project, that any amount remaining in the construction reserve fund be used to offset rental payments.

This bill would delete that offset requirement for both capital outlay projects and design-build projects.

(11) Existing law establishes the Local Agency Investment Fund, a trust fund in the custody of the Treasurer, in which local governments

and other specified governmental entities, with the required consent, may deposit for investment moneys in their treasuries that are not required for immediate needs. Existing law requires, immediately at the conclusion of each calendar quarter, that all interest earned and other increment derived from investments be distributed by the Controller to the contributing governmental units or entities, as specified, in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts remained therein. Existing law requires, however, that an amount equal to the reasonable costs incurred in administering the fund, not to exceed a maximum of 5% of the earnings of the fund or the amount appropriated in the annual Budget Act for this function, be deducted from the earnings prior to distribution and be credited as reimbursements to the state agencies incurring costs in administering the fund.

This bill would, if the 13-week Daily Treasury Bill Rate, as published as of the last day of the state's fiscal year, is below 1%, increase the amount of reasonable costs to be so deducted from the earnings to a maximum of 8% of the earnings of this fund for the subsequent fiscal year, as specified.

(12) The State General Obligation Bond Law generally provides for a procedure that may be adopted by other acts, with any necessary modifications, in authorizing the issuance and sale of state general obligation bonds and providing for the repayment of those bonds. Existing law authorizes the financing committee created by the bond act to issue bonds in the form of commercial paper notes. Under existing law, an amount to pay interest payable on maturing commercial paper notes and other costs associated with the commercial paper is continuously appropriated from the General Fund.

This bill would specify that the above-described costs associated with the commercial paper include any fees, costs, indemnities, and other similar expenses incurred under or in connection with agreements to purchase commercial paper notes. The bill would limit the specified costs to an annual amount that does not exceed, depending upon the type of cost, 3% of the maximum principle amount of commercial paper notes that could be purchased and outstanding at any one time pursuant to an agreement or 0.25% of the highest sum of the maximum principle amount of commercial paper notes authorized by certain resolutions.

(13) Existing law, the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System (board), authorizes the

board to contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. Contributions and premiums paid under PEMHCA are deposited in the Public Employees' Health Care Fund and the Public Employees' Contingency Reserve Fund, both of which are continuously appropriated. Existing law requires the state, contracting agencies, employees, and annuitants to contribute to the cost of providing the benefit coverage under the applicable approved health benefit plans. Existing law requires the Controller to identify and remit the state's contributions for employees and annuitant monthly to the Public Employees' Health Care Fund or to the carriers, as defined, together with amounts authorized by the employees and annuitants to be deducted from their salaries or retirement allowances for payment of their contributions. Existing law requires the contributions of employees and annuitants of contracting agencies and the contributions of contracting agency employers to be identified and remitted monthly to the carriers by warrant upon claims filed by the board.

This bill would create a continuously appropriated account in the Public Employees' Contingency Reserve Fund for the deposit of contributions by the state, employees, and annuitants for the payment of premiums or other charges to carriers or the Public Employees' Health Care Fund. By providing for deposit of new moneys into continuously appropriated funds, this bill would make an appropriation. The bill would require the Controller to remit contributions of the state, contracting agencies, employees, and annuitants currently required to be directed to the Public Employees' Health Care Fund or to the carriers to instead remit those moneys to the Public Employees' Contingency Reserve Fund. The bill would make technical and conforming changes.

(14) Existing law authorizes the Orange County Board of Supervisors to elect, for a period of up to 2 years, that any requirement that an audit be performed by the county auditor may also be performed by a county employee or officer who meets specified qualifications.

This bill would repeal this authorization.

(15) Existing law creates the Housing Rehabilitation Loan Fund and continuously appropriates moneys in the fund for, among other purposes, making specified deferred payment housing rehabilitation loans.

Existing law creates the California Housing Trust Fund and continuously appropriates moneys deposited in the fund for the purposes

of investment of those moneys. Existing law authorizes, upon appropriation by the Legislature, all interest or other increment resulting from the investment of moneys in the fund to be used for housing programs that serve lower and very low income households, as specified.

This bill would, effective July 1, 2014, abolish the California Housing Trust Fund and require any remaining balance, assets, liabilities, and encumbrances to be transferred to and become part of the Housing Rehabilitation Loan Fund. The bill would continuously appropriate all transferred amounts to the Department of Housing and Community Development for the purpose of satisfying any liabilities and encumbrances and for the purposes of the Housing Rehabilitation Loan Fund. The bill would repeal the continuous appropriation of the moneys in the California Housing Trust Fund for investment purposes and would repeal authorization for the moneys in the fund to be used for housing programs.

Existing law establishes the Homebuyer Down Payment Assistance Program and the Rental Assistance Program, which are administered by the California Housing Finance Agency pursuant to a contract with the Department of General Services, to provide assistance in the amount of the applicable school facility fee for affordable housing developments. Existing law establishes the School Facilities Fee Assistance Fund, which is continuously appropriated to the Department of General Services for the purposes of those programs.

This bill would, effective July 1, 2014, abolish the School Facilities Fee Assistance Fund and transfer any remaining balance, assets, liabilities, and encumbrances in the fund as of that date to the Housing Rehabilitation Loan Fund. The bill would provide that transferred amounts are continuously appropriated to the Department of Housing and Community Development for the purpose of satisfying any liabilities, encumbrances, and purposes related to the abolished fund.

(16) The Housing and Emergency Shelter Trust Fund Act of 2006, adopted and approved by the voters at the November 7, 2006, statewide general election, authorized the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Under the act, \$135,000,000 is transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund to be expended for the programs authorized by the Joe Serna, Jr. Farmworker Housing Grant Program which includes grants, loans, or both, to local public entities, nonprofit corporations, limited liability companies, and limited partnerships, for

the construction or rehabilitation of housing for agricultural employees and their families, subject to specified requirements.

This bill would add the Department of Housing and Community Development as an eligible recipient for this grant program to reconstruct and rehabilitate migrant centers that are in need of significant repairs or rehabilitation to ensure the health and safety of residents. This bill would exempt the Department of Housing and Community Development from the recipient requirements specified by the Joe Serna, Jr. Farmworker Housing Grant Program. This bill, to the extent no other funding sources are available, would permit the Department of Housing and Community Development to directly expend up to \$11,000,000 of the transferred moneys to reconstruct and rehabilitate migrant centers.

(17) Existing law requires the Adjutant General to establish a California State Military Museum and Resource Center and to enter into an operating agreement with the California State Military Museum Foundation to conduct the day-to-day operations of the museum, as specified. Existing law appropriates \$100,000 for each fiscal year from the General Fund to the California State Military Museum for the establishment and operation of the museum and resource center.

This bill would instead appropriate that amount to the Military Department for the establishment and operation of the California State Military Museum and Resource Center. This bill would remove the requirement that the Adjutant General enter into an operating agreement with the California State Military Museum Foundation and would instead authorize the Adjutant General to enter into operating agreements with nonprofit historical foundations, military museums, historical societies or other entities to conduct museum activities pursuant to the rules and regulations promulgated hereunder.

Existing law requires the museum to consist of specified facilities.

This bill would instead authorize the museum to consist of those facilities.

Existing law requires the Board of Directors of the California State Military Museum Foundation to include the Adjutant General, or the Assistant Adjutant General, or any Deputy Adjutant General designated by the Adjutant General, as an ex officio voting member of the board.

This bill would remove the membership requirements of the board of directors.

Existing law requires the California State Military Museum Foundation to perform specified duties and grants the foundation the

authorization to make specified determinations or engage in specified activities related to the museum.

This bill would instead require the Military Department to perform those duties and authorize the Military Department or an entity that enters into an operating agreement with the department to make those determinations or engage in those specified activities related to the museum.

(18) Existing law authorizes every person who is unlawfully imprisoned or restrained of his or her liberty to prosecute a writ of habeas corpus to inquire into the cause of that imprisonment or restraint, and provides for the release of that person if no legal cause is shown for his or her imprisonment or restraint. Existing law provides that if the district attorney or Attorney General stipulates to or does not contest the factual allegations underlying one or more of the grounds for granting a writ of habeas corpus or a motion to vacate a judgment, the facts underlying the basis for the court's ruling or order shall be binding on the Attorney General, the factfinder, and the California Victim Compensation and Government Claims Board. Existing law also provides that the express factual findings made by the court in considering a petition for habeas corpus, a motion to vacate judgment on the basis of newly discovered evidence relating to misconduct by a government official, as specified, or an application for a certificate of factual innocence, is binding on the Attorney General, the factfinder, and the California Victim Compensation and Government Claims Board.

This bill would provide that a court, for purposes of those provisions governing binding factual allegations and express factual findings, is defined as a state or federal court.

(19) Existing law establishes in the State Treasury the Victim-Witness Assistance Fund, to be administered by the Office of Emergency Services. Existing law requires the moneys in the fund to be made available through the Office of Emergency Services to any public or private nonprofit agency for the assistance of victims and witnesses and for the support of specified victim counseling centers.

This bill would additionally authorize the moneys in the fund to be used for any other purpose that supports victims.

(20) The California Victim Compensation and Government Claims Board administers a program to assist state residents to obtain compensation for their pecuniary losses suffered as a direct result of criminal acts. Payment is made under these provisions from the Restitution Fund, which is continuously appropriated to the board for

these purposes. Existing law authorizes the board, as specified, to administer a program to award, upon appropriation by the Legislature, up to \$2,000,000 in grants to trauma recovery centers for up to a maximum period of 3 years, funded from the Restitution Fund.

This bill would instead state the intent of the Legislature to annually appropriate \$2 million per year from the Restitution Fund.

(21) Existing property tax law requires the county auditor to allocate and pay certain property tax revenues to designated local jurisdictions within the county in accordance with specified formulas, including allocating and paying remaining revenues to all elementary, high school, and unified school districts within the county in proportion to each school district's average daily attendance, as certified by the Superintendent of Public Instruction for the purposes of the advance apportionment of state aid in the then current fiscal year. That law requires the average daily attendance of certain school districts to be deemed to be zero.

This bill would require the county auditor, if the average daily attendance of all elementary, high school, and unified school districts within the county is deemed to be zero, to reallocate the school district revenues to other designated local jurisdictions in proportion to each entity's percentage of revenues in comparison to the aggregate total of revenues.

By imposing new duties in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

(22) Existing law established, until the end of the 2006–07 fiscal year, the State-County Property Tax Administration Grant Program under which a county that enacted a specified resolution and met certain conditions was authorized to receive from the state a grant, if funds were appropriated for this purpose, of a specified amount of money for property tax administration, as specified.

This bill would, for the 2014–15 fiscal year to the 2016–17 fiscal year, establish the State-County Assessors' Partnership Agreement Program, to be administered by the Department of Finance, under which counties selected by the Department of Finance, as specified, would receive funding for certain property tax administration purposes. Funding for the program would be subject to appropriation in the annual budget, and would require the program to be inoperative in any fiscal year in which an appropriation is not provided. This bill would require county assessors' offices that elect to participate in the program

to transmit a resolution and an application, as specified, to the Department of Finance, and would require each participating county to annually match the program funds apportioned to its county assessor's office. This bill would also require each participating county assessor's office to report specified information to the Department of Finance while the program is operative. This bill would require the Department of Finance to submit a report that includes specified information for each fiscal year that the program was in operation to the Joint Legislative Budget Committee.

(23) Existing law requires every employer, with specified exceptions, to pay contributions to the Unemployment Fund at specified rates to fund the payment of unemployment compensation benefits to eligible unemployed individuals and requires those employers to submit specified reports regarding those contributions. Existing law imposes a penalty upon employers who, without good cause, fail to pay contributions, fail to remit payments by electronic funds transfer, fail to file specified returns and reports, where the Director of Employment Development is not satisfied with the return or report, and where an assessment becomes delinquent. The funds are deposited into the Employment Development Department Contingent Fund, a continuously appropriated fund.

This bill would, on and after July 1, 2014, increase the penalty amounts from 10% to 15%, where applicable, and from \$10 to \$20, where applicable. By increasing the amount of funds deposited into a continuously appropriated fund, this bill would make an appropriation.

(24) The Personal Income Tax Law imposes a tax on the income of California residents and on the income that nonresidents derive within California. Existing law requires the Employment Development Department to administer the reporting, collection, and enforcement of personal income tax wage withholding and deposits any penalties and interest related to the withholding of personal income tax into the Employment Development Department Contingent Fund. Existing law requires the Director of the Employment Development Department to estimate the amount of penalties and interest collected related to the withholding of personal income tax and transfer that amount into the Personal Income Tax Fund on a quarterly basis.

This bill would suspend that transfer for the 2014–15 fiscal year.

(25) Existing law specifies that the total amount due to each city, county, city and county, and special district in reimbursement of state-mandated local costs, as specified in a provision of the California

Constitution, be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006–07 fiscal year and concluding with the Budget Act for the 2020–21 fiscal year. Existing law provides that there shall be no appropriation for payment of reimbursement claims pursuant to these provisions for the 2012–13, 2013–14, and 2014–15 fiscal years.

This bill would delete the 2014–15 fiscal year from that latter provision.

(26) The Economic Revitalization Act establishes the Governor’s Office of Business and Economic Development, also known as “GO-Biz,” to, among other duties, serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth.

This bill would appropriate \$2,000,000 from the General Fund to GO-Biz, on a one-time basis, to be used to draw down federal funding in support of the Small Business Development Center Network Program. This bill would also make these funds available for encumbrance and expenditure until June 30, 2017.

(27) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

(28) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2014.~~

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

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

- 1 SECTION 1. Section 17224 of the Education Code is amended
- 2 to read:
- 3 17224. (a) Any funds in the State School Site Utilization Fund,
- 4 including interest, that are not subject to return to a school district

1 pursuant to Section 17223 shall revert to the Deferred Maintenance
 2 Fund. shall, upon appropriation by the Legislature, be allocated
 3 for purposes of administering the Leroy F. Greene School Facilities
 4 Act of 1998 (Chapter 12.5 (commencing with Section 17070.10)
 5 of Part 10).

6 (b) Any unencumbered funds in the State School Deferred
 7 Maintenance Fund on July 1, 2014, shall be transferred to the
 8 State School Site Utilization Fund.

9 SEC. 2. Section 17250.30 of the Education Code is amended
 10 to read:

11 17250.30. (a) Any design-build entity that is selected to design
 12 and build a project pursuant to this chapter shall possess or obtain
 13 sufficient bonding to cover the contract amount for nondesign
 14 services, and errors and omissions insurance coverage sufficient
 15 to cover all design and architectural services provided in the
 16 contract. This chapter does not prohibit a general or engineering
 17 contractor from being designated the lead entity on a design-build
 18 entity for the purposes of purchasing necessary bonding to cover
 19 the activities of the design-build entity.

20 (b) Any payment or performance bond written for the purposes
 21 of this chapter shall use a bond form developed by the Department
 22 of General Services pursuant to subdivision (g) of Section 14661
 23 of the Government Code. The purpose of this subdivision is to
 24 promote uniformity of bond forms to be used on school district
 25 design-build projects throughout the state.

26 (c) (1) All subcontracts that were not listed by the design-build
 27 entity in accordance with Section 17250.25 shall be awarded by
 28 the design-build entity.

29 (2) The design-build entity shall do all of the following:

30 (A) Provide public notice of the availability of work to be
 31 subcontracted.

32 (B) Provide a fixed date and time on which the subcontracted
 33 work will be awarded.

34 (3) Subcontractors bidding on contracts pursuant to this
 35 subdivision shall be afforded the protections contained in Chapter
 36 4 (commencing with Section 4100) of Part 1 of Division 2 of the
 37 Public Contract Code.

38 (4) (A) If the school district elects to award a project pursuant
 39 to this section, retention proceeds withheld by the school district
 40 from the design-build entity shall not exceed 5 percent if a

1 performance and payment bond, issued by an admitted surety
2 insurer, is required in the solicitation of bids.

3 (B) In a contract between the design-build entity and a
4 subcontractor, and in a contract between a subcontractor and any
5 subcontractor thereunder, the percentage of the retention proceeds
6 withheld shall not exceed the percentage specified in the contract
7 between the school district and the design-build entity. If the
8 design-build entity provides written notice to any subcontractor
9 who is not a member of the design-build entity, prior to or at the
10 time the bid is requested, that a bond may be required and the
11 subcontractor subsequently is unable or refuses to furnish a bond
12 to the design-build entity, then the design-build entity may withhold
13 retention proceeds in excess of the percentage specified in the
14 contract between the school district and the design-build entity
15 from any payment made by the design-build entity to the
16 subcontractor.

17 (5) In accordance with the provisions of applicable state law,
18 the design-build entity may be permitted to substitute securities
19 in lieu of the withholding from progress payments. Substitutions
20 shall be made in accordance with Section 22300 of the Public
21 Contract Code.

22 (d) (1) For contracts for public works projects awarded prior
23 ~~to the effective date of the regulations adopted by the Department~~
24 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
25 ~~of the Labor Code, January 1, 2012,~~ the school district shall
26 establish and enforce a labor compliance program containing the
27 requirements outlined in Section 1771.5 of the Labor Code or shall
28 contract with a third party to operate a labor compliance program
29 containing the requirements outlined in Section 1771.5 of the Labor
30 Code. This requirement shall not apply to projects where the school
31 district or the design-build entity has entered into a collective
32 bargaining agreement that binds all of the contractors performing
33 work on the project.

34 (2) For contracts for public works projects awarded on or after
35 ~~the effective date of the regulations adopted by the Department of~~
36 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
37 ~~of the Labor Code,~~ the school district shall reimburse the
38 department for its reasonable and directly related costs of
39 performing prevailing wage monitoring and enforcement on public
40 works projects pursuant to rates established by the department as

1 set forth in subdivision (h) of Section 1771.5 of the Labor Code.
2 All moneys collected pursuant to this subdivision shall be deposited
3 in the State Public Works Enforcement Fund created by Section
4 1771.3 of the Labor Code, and shall be used only for enforcement
5 of prevailing wage requirements on those projects. *January 1,*
6 *2012, the project shall be subject to the requirements of Section*
7 *1771.4 of the Labor Code.*

8 (3) ~~In lieu of reimbursing the Department of Industrial Relations~~
9 ~~for its reasonable and directly related costs of performing,~~
10 ~~monitoring, and enforcement on public works projects, the school~~
11 ~~district may elect to continue operating an existing previously~~
12 ~~approved labor compliance program to monitor and enforce~~
13 ~~prevailing wage requirements on the project if it has either not~~
14 ~~contracted with a third party to conduct its labor compliance~~
15 ~~program and requests and receives approval from the department~~
16 ~~to continue its existing program or it enters into a collective~~
17 ~~bargaining agreement that binds all of the contractors performing~~
18 ~~work on the project and that includes a mechanism for resolving~~
19 ~~disputes about the payment of wages.~~

20 *SEC. 3. Section 81704 of the Education Code is amended to*
21 *read:*

22 81704. (a) Any design-build entity that is selected to design
23 and build a project pursuant to this chapter shall possess or obtain
24 sufficient bonding to cover the contract amount for nondesign
25 services, and errors and omission insurance coverage sufficient to
26 cover all design and architectural services provided in the contract.
27 This chapter does not prohibit a general or engineering contractor
28 from being designated the lead entity on a design-build entity for
29 the purposes of purchasing necessary bonding to cover the activities
30 of the design-build entity.

31 (b) Any payment or performance bond written for the purposes
32 of this chapter shall use a bond form developed by the Department
33 of General Services pursuant to subdivision (i) (g) of Section 14661
34 of the Government Code. The purpose of this subdivision is to
35 promote uniformity of bond forms to be used on community college
36 district design-build projects throughout the state.

37 (c) (1) All subcontracts that were not listed by the design-build
38 entity in accordance with Section 81703 shall be awarded by the
39 design-build entity in accordance with the design-build process

1 set forth by the community college district in the design-build
2 package.

3 (2) The design-build entity shall do all of the following:

4 (A) Provide public notice of the availability of work to be
5 subcontracted.

6 (B) Provide a fixed date and time on which the subcontracted
7 work will be awarded.

8 (3) Subcontractors bidding on contracts pursuant to this
9 subdivision shall be afforded the protections contained in Chapter
10 4 (commencing with Section 4100) of Part 1 of Division 2 of the
11 Public Contract Code.

12 (4) (A) If the community college district elects to award a
13 project pursuant to this section, retention proceeds withheld by the
14 community college district from the design-build entity shall not
15 exceed 5 percent if a performance and payment bond, issued by
16 an admitted surety insurer, is required in the solicitation of bids.

17 (B) In a contract between the design-build entity and a
18 subcontractor, and in a contract between a subcontractor and any
19 subcontractor thereunder, the percentage of the retention proceeds
20 withheld shall not exceed the percentage specified in the contract
21 between the community college district and the design-build entity.
22 If the design-build entity provides written notice to any
23 subcontractor who is not a member of the design-build entity, prior
24 to or at the time the bid is requested, that a bond may be required
25 and the subcontractor subsequently is unable or refuses to furnish
26 a bond to the design-build entity, then the design-build entity may
27 withhold retention proceeds in excess of the percentage specified
28 in the contract between the community college district and the
29 design-build entity from any payment made by the design-build
30 entity to the subcontractor.

31 (5) In accordance with the provisions of applicable state law,
32 the design-build entity may be permitted to substitute securities
33 in lieu of the withholding from progress payments. Substitutions
34 shall be made in accordance with Section 22300 of the Public
35 Contract Code.

36 (d) (1) For contracts for public works projects awarded prior
37 ~~to the effective date of the regulations adopted by the Department~~
38 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
39 ~~of the Labor Code, January 1, 2012,~~ the community college district
40 shall establish and enforce a labor compliance program containing

1 the requirements outlined in Section 1771.5 of the Labor Code or
 2 shall contract with a third party to operate a labor compliance
 3 program containing the requirements outlined in Section 1771.5
 4 of the Labor Code. This requirement shall not apply to projects
 5 where the community college district or the design-build entity
 6 has entered into a collective bargaining agreement that binds all
 7 of the contractors performing work on the project.

8 (2) For contracts for public works projects awarded on or after
 9 the effective date of the regulations adopted by the Department of
 10 Industrial Relations pursuant to subdivision (g) of Section 1771.5
 11 of the Labor Code, the community college district shall reimburse
 12 the department for its reasonable and directly related costs of
 13 performing prevailing wage monitoring and enforcement on public
 14 works projects, pursuant to rates established by the department as
 15 set forth in subdivision (h) of Section 1771.5 of the Labor Code.
 16 All moneys collected pursuant to this subdivision shall be deposited
 17 in the State Public Works Enforcement Fund created by Section
 18 1771.3 of the Labor Code, and shall be used only for enforcement
 19 of prevailing wage requirements on those projects. *January 1,*
 20 *2012, the project shall be subject to the requirements of Section*
 21 *1771.4 of the Labor Code.*

22 (3) ~~In lieu of reimbursing the Department of Industrial Relations~~
 23 ~~for its reasonable and directly related costs of performing~~
 24 ~~monitoring and enforcement on public works projects, the~~
 25 ~~community college district may elect to continue operating an~~
 26 ~~existing previously approved labor compliance program to monitor~~
 27 ~~and enforce prevailing wage requirements on the project if it has~~
 28 ~~either not contracted with a third party to conduct its labor~~
 29 ~~compliance program and requests and receives approval from the~~
 30 ~~department to continue its existing program or it enters into a~~
 31 ~~collective bargaining agreement that binds all of the contractors~~
 32 ~~performing work on the project and that includes a mechanism for~~
 33 ~~resolving disputes about the payment of wages.~~

34 *SEC. 4. Section 6204 of the Government Code is amended to*
 35 *read:*

36 6204. (a) For purposes of this chapter, the following definitions
 37 shall apply:

38 (1) “Archivist” means the ~~Keeper of the~~ *Chief of Archives*, as
 39 specified in Section 12227.

1 (2) “Record” has the same meaning as “public records” is
2 defined in subdivision (e) of Section 6252, and includes, but is not
3 limited to, any writing containing information relating to the
4 conduct of the public’s business prepared, owned, used, or retained
5 by a state or local agency regardless of physical form or
6 characteristics.

7 (3) “Secretary” means the Secretary of State.

8 (b) Whenever the secretary, in consultation with the archivist,
9 has reasonable grounds to believe that a record belonging to the
10 state or a local agency is in the possession of a person, organization,
11 or institution not authorized by law to possess ~~those records~~, *that*
12 *record*, the secretary may issue a written notice demanding that
13 person, organization, or institution to do either of the following
14 within 20 calendar days of receiving the notice:

15 (1) Return the record to the appropriate state or local agency.

16 (2) Respond in writing and declare why the record does not
17 belong to the state or a local agency.

18 (c) The notice and demand issued pursuant to subdivision (b)
19 shall identify the record claimed to belong to the state or local
20 agency with reasonable specificity, and shall state that the secretary
21 is authorized to take legal action to recover the record if the person,
22 organization, or institution fails to respond in writing within the
23 required time or does not adequately demonstrate that the record
24 does not belong to the state or a local agency.

25 (d) The secretary shall send the notice and demand specified in
26 subdivision (b) by certified or registered mail, return receipt
27 requested.

28 (e) When a record is returned pursuant to paragraph (1) of
29 subdivision (b), upon the request of the person, organization, or
30 institution that returned the record, the secretary or a local agency
31 that receives the record shall issue to that person, organization, or
32 institution a copy or digital image of the record, which shall be
33 certified as a true copy of the record that was returned to the state
34 or local agency, and dated on the same day the record was returned.

35 *SEC. 5. Section 6531 of the Government Code is amended to*
36 *read:*

37 6531. (a) The Legislature finds and declares all of the
38 following:

39 (1) It is in the best interests of communities located within the
40 City of San Diego for the local public agencies that have

1 jurisdiction within the city to form a joint powers agency to provide
2 for the orderly and coordinated acquisition, construction, and
3 development of model school projects. These projects may include
4 the acquisition of land by negotiation or eminent domain, the
5 construction of schools, the construction of recreational facilities
6 or park sites or both, and the construction of replacement and other
7 housing, including market rate, moderate-income, and low-income
8 housing.

9 (2) The coordinated construction of these projects by
10 redevelopment agencies, school districts, housing authorities,
11 housing commissions, and the city is of great public benefit and
12 will save public money and time in supplying much needed
13 replacement housing lost when schools are constructed within
14 existing communities.

15 (3) Legislation is needed to allow redevelopment agencies,
16 school districts, housing authorities, housing commissions, and
17 the city to use their powers to the greatest extent possible to
18 expedite, coordinate, and streamline the construction and eventual
19 operation of such projects.

20 (b) (1) Notwithstanding any other provision of law, the
21 Redevelopment Agency of the City of San Diego, the Housing
22 Authority of the City of San Diego, the San Diego Housing
23 Commission, the San Diego Unified School District, and the City
24 of San Diego may enter into a joint powers agreement to create
25 and operate a joint powers agency for the development and
26 construction of a model school project located within the City
27 Heights Project Area. The agency created pursuant to this section
28 shall be known as the San Diego Model School Development
29 Agency. The San Diego Model School Development Agency shall
30 have all the powers of a redevelopment agency pursuant to Part 1
31 (commencing with Section 33000) of Division 24 of the Health
32 and Safety Code, all of the powers of a housing authority pursuant
33 to Part 2 (commencing with Section 34200) of Division 24 of the
34 Health and Safety Code, and all of the powers of the San Diego
35 Unified School District, as well as all the powers of a joint powers
36 agency granted pursuant to this chapter, to acquire property and
37 to construct and improve and finance one or more schools, housing
38 projects, parks, recreational facilities, and any other facilities
39 reasonably necessary for their proper operation. Further, the San
40 Diego Model School Development Agency shall have all of the

1 powers of the City of San Diego pursuant to its charter and state
2 law to acquire property and to finance and operate parks and
3 recreational facilities and any other facilities reasonably necessary
4 for their proper operation.

5 (2) Notwithstanding paragraph (1), neither the San Diego Model
6 School Development Agency nor the Redevelopment Agency of
7 the City of San Diego shall expend any property tax increment
8 revenues to acquire property, and to construct, improve, and finance
9 a school within the City Heights Project Area.

10 (3) Nothing in this section shall relieve the San Diego Model
11 School Development Agency or the Redevelopment Agency of
12 the City of San Diego from its obligations to increase, improve,
13 and preserve the community's supply of low- and moderate-income
14 housing, including, but not limited to, the obligation to provide
15 relocation assistance, the obligation to provide replacement
16 housing, the obligation to meet housing production quotas, and
17 the obligation to set aside property tax increment funds for those
18 purposes.

19 (4) The San Diego Model School Development Agency shall
20 perform any construction activities in accordance with the
21 applicable provisions of the Public Contract Code, the Education
22 Code, and the Labor Code that apply, respectively, to the
23 redevelopment agency, housing authority, housing commission,
24 school district, or city creating the San Diego Model School
25 Development Agency. Funding pursuant to Proposition MM, a
26 local San Diego County bond measure enacted by the voters for
27 the purpose of school construction, shall be used only for the
28 design, development, construction, and financing of school-related
29 facilities and improvements, including schools, as authorized and
30 to the extent authorized under Proposition MM.

31 (c) Any member of the joint powers agency, including the school
32 district, may, to the extent permitted by law, transfer and contribute
33 funds to the agency, including bond funds, to be deposited into
34 and to be held in a facility fund to be expended for purposes of the
35 acquisition of property for, and the development and construction
36 of, any school, housing project, or other facility described in this
37 section.

38 (d) Nothing contained in this section shall preclude the joint
39 powers agency from distributing funds, upon completion of
40 construction, the school, housing project, park, recreational facility,

1 or other facility to a member of the agency to operate the school,
2 housing project, park, or other facility that the member is otherwise
3 authorized to operate. These distribution provisions shall be set
4 forth in the joint powers agreement, if applicable.

5 (e) The San Diego Model School Development Agency may
6 construct a school in the City Heights Project Area pursuant to
7 Chapter 2.5 (commencing with Section 17250.10) of Part 10.5 of
8 the Education Code.

9 (f) (1) For contracts for public works projects awarded prior to
10 the effective date of the regulations adopted by the Department of
11 Industrial Relations pursuant to subdivision (g) of Section 1771.5
12 of the Labor Code, *January 1, 2012*, the San Diego Model School
13 Development Agency shall establish and enforce, with respect to
14 construction contracts awarded by the joint powers agency, a labor
15 compliance program containing the requirements outlined in
16 Section 1771.5 of the Labor Code or shall contract with a third
17 party to operate a labor compliance program containing those
18 requirements. This requirement shall not apply to projects where
19 the agency has entered into a collective bargaining agreement that
20 binds all of the contractors and subcontractors performing work
21 on the project, but nothing shall prevent the joint powers agency
22 from operating a labor compliance program with respect to those
23 projects.

24 (2) For contracts for public works projects awarded on or after
25 the effective date of the regulations adopted by the Department of
26 Industrial Relations pursuant to subdivision (g) of Section 1771.5
27 of the Labor Code, the agency shall reimburse the department for
28 its reasonable and directly related costs of performing prevailing
29 wage monitoring and enforcement on public works projects
30 pursuant to rates established by the department as set forth in
31 subdivision (h) of Section 1771.5 of the Labor Code. All moneys
32 collected pursuant to this subdivision shall be deposited in the
33 State Public Works Enforcement Fund created by Section 1771.3
34 of the Labor Code, and shall be used only for enforcement of
35 prevailing wage requirements on those projects. *January 1, 2012,*
36 *the project shall be subject to the requirements of Section 1771.4*
37 *of the Labor Code.*

38 (3) ~~In lieu of reimbursing the Department of Industrial Relations~~
39 ~~for its reasonable and directly related costs of performing~~
40 ~~monitoring and enforcement on public works projects, the San~~

1 ~~Diego Model School Development Agency may elect to continue~~
2 ~~operating an existing previously approved labor compliance~~
3 ~~program to monitor and enforce prevailing wage requirements on~~
4 ~~the project if it has either not contracted with a third party to~~
5 ~~conduct its labor compliance program and requests and receives~~
6 ~~approval from the department to continue its existing program or~~
7 ~~it enters into a collective bargaining agreement that binds all of~~
8 ~~the contractors performing work on the project and that includes~~
9 ~~a mechanism for resolving disputes about the payment of wages.~~

10 (g) Construction workers employed as apprentices by contractors
11 and subcontractors on contracts awarded by the San Diego Model
12 School Development Agency shall be enrolled in a registered
13 apprenticeship program, approved by the California Apprenticeship
14 Council, that has graduated apprentices in the same craft in each
15 of the preceding five years. This graduation requirement shall be
16 applicable for any craft that was first deemed by the Department
17 of Labor and the Department of Industrial Relations to be an
18 apprenticeable craft prior to January 1, 1998. A contractor or
19 subcontractor need not submit contract award information to an
20 apprenticeship program that does not meet the graduation
21 requirements of this subdivision. If no apprenticeship program
22 meets the graduation requirements of this subdivision for a
23 particular craft, the graduation requirements shall not apply for
24 that craft.

25 *SEC. 6. Section 11270 of the Government Code is amended to*
26 *read:*

27 11270. As used in this article, “administrative costs” means
28 the amounts expended by the Legislature, the Legislative Counsel
29 Bureau, the Governor’s Office, the ~~California Technology Agency,~~
30 *Department of Technology*, the Office of Planning and Research,
31 the Department of Justice, the State Controller’s Office, the State
32 Treasurer’s Office, the State Personnel Board, the Department of
33 Finance, the Financial Information System for California, the
34 Office of Administrative Law, the Department of Human
35 Resources, ~~the Secretary of State and Consumer Services,~~ the
36 Secretary of California Health and Human Services, ~~the Bureau~~
37 ~~of State Audits,~~ *the California State Auditor’s Office*, and the
38 California State Library, and a proration of any other cost to or
39 expense of the state for services or facilities provided for the
40 Legislature and the above agencies, for supervision or

1 administration of the state government or for services to other state
2 agencies.

3 *SEC. 7. Section 11544 of the Government Code is amended to*
4 *read:*

5 11544. (a) The Technology Services Revolving Fund, hereafter
6 known as the fund, is hereby created within the State Treasury.
7 The fund shall be administered by the Director of Technology to
8 receive all revenues from the sale of technology or technology
9 services provided for in this chapter, for other services rendered
10 by the Department of Technology, and all other moneys properly
11 credited to the Department of Technology from any other source,
12 to pay, upon appropriation by the Legislature, all costs arising
13 from this chapter and rendering of services to state and other public
14 agencies, including, but not limited to, employment and
15 compensation of necessary personnel and expenses, such as
16 operating and other expenses of the Department of Technology,
17 and costs associated with approved information technology
18 projects, and to establish reserves. At the discretion of the Director
19 of Technology, segregated, dedicated accounts within the fund
20 may be established. The amendments made to this section by the
21 act adding this sentence shall apply to all revenues earned on or
22 after July 1, 2010.

23 (b) The fund shall consist of all of the following:

24 (1) Moneys appropriated and made available by the Legislature
25 for the purposes of this chapter.

26 (2) Any other moneys that may be made available to the
27 Department of Technology from any other source, including the
28 return from investments of moneys by the Treasurer.

29 (c) The Department of Technology may collect payments from
30 public agencies for providing services to ~~those agencies that the~~
31 ~~agencies have requested from the Department of Technology.~~
32 *client agencies.* The Department of Technology may require
33 monthly payments by client agencies for the services ~~the agencies~~
34 ~~have requested.~~ *provided.* Pursuant to Section 11255, the Controller
35 shall transfer any amounts so authorized by the Department of
36 Technology, consistent with the annual budget of each department,
37 to the fund. The Department of Technology shall notify each
38 affected state agency upon requesting the Controller to make the
39 transfer.

1 (d) At the end of any fiscal year, if the balance remaining in the
2 fund at the end of that fiscal year exceeds 25 percent of the portion
3 of the Department of Technology’s current fiscal year budget used
4 for support of data center and other client services, the excess
5 amount shall be used to reduce the billing rates for services
6 rendered during the following fiscal year.

7 *SEC. 8. Section 11548.5 of the Government Code is repealed.*

8 ~~11548.5. This chapter shall remain in effect only until January~~
9 ~~1, 2015, and as of that date is repealed, unless a later enacted~~
10 ~~statute, that is enacted before January 1, 2015, deletes or extends~~
11 ~~that date.~~

12 *SEC. 9. Chapter 10 (commencing with Section 11850) is added*
13 *to Part 1 of Division 3 of Title 2 of the Government Code, to read:*

14
15 *CHAPTER 10. THE FINANCIAL INFORMATION SYSTEM FOR*
16 *CALIFORNIA (FISCAL)*

17
18 *Article 1. General Provisions*

19
20 *11850. This chapter shall be known, and may be cited, as the*
21 *Financial Information System for California (FISCAL) Act.*

22 *11852. For purposes of this chapter, the following terms shall*
23 *have the following meanings:*

24 (a) *“Approved FISCAL Project documents” means any Special*
25 *Project Report approved by the Department of Technology, or its*
26 *successor agency, for the FISCAL, as may be amended, augmented,*
27 *or changed by any subsequent approved Special Project Report*
28 *or legislative action.*

29 (b) *“Cost or costs of the FISCAL system” means all costs related*
30 *to the acquisition, design, development, installation, and*
31 *deployment, maintenance, operation, and enhancement of the*
32 *system, including, but not limited to, software, hardware, licenses,*
33 *upgrades, training, facilities, contractors, and staff.*

34 (c) *“Cost allocation plan” means the plan described in Section*
35 *11874.*

36 (d) *“FISCAL” means the Financial Information System for*
37 *California.*

38 (e) *“FISCAL Internal Services Fund” means the fund created*
39 *pursuant to Section 11870.*

- 1 (f) “FISCAL Service Center” means the entity created pursuant
2 to Section 11890.
- 3 (g) “Interface” means to communicate or interoperate with the
4 FISCAL system.
- 5 (h) “Office” means the FISCAL project office.
- 6 (i) “State departments and agencies” means all state offices,
7 officers, departments, divisions, bureaus, boards, commissions,
8 organizations, or agencies, claims against which are paid by
9 warrants drawn by the Controller, and whose financial activities
10 are reported in the annual financial statement of the state or are
11 included in the annual Governor’s Budget, including, but not
12 limited to, the California State University, the University of
13 California, the legislative branch, and the judicial branch.
- 14 (j) “System” or “FISCAL system” means a single integrated
15 financial management system for the state that encompasses the
16 management of resources and dollars as described in the approved
17 FISCAL Project documents and includes the information required
18 by Section 11862.
- 19 11854. The Legislature intends that the FISCAL system meet
20 all of the following objectives:
- 21 (a) Replace the state’s aging legacy financial management
22 systems and eliminate fragmented and diverse reporting by
23 implementing standardized financial management processes and
24 systems across all departments and control agencies. For purposes
25 of this subdivision, “financial management” means accounting,
26 budgeting, cash management, asset accounting, vendor
27 management, and procurement.
- 28 (b) Increase competition by promoting business opportunities
29 through the use of electronic bidding, online vendor interaction,
30 and automated vendor functions.
- 31 (c) Maintain a central source for financial management data
32 to reduce the time and expense of vendors, departments, and
33 agencies collecting, maintaining, and reconciling redundant data.
- 34 (d) Increase investment returns through timely and accurate
35 monitoring of cash balances, cashflow forecasting, and timing of
36 receipts and disbursements.
- 37 (e) Improve fiscal controls and support better decisionmaking
38 by state managers and the Legislature by enhancing the quality,
39 timeliness, consistency, and accessibility of financial management

1 *information through the use of powerful data access tools,*
2 *standardized data, and financial management reports.*

3 *(f) Improve access and transparency of California’s financial*
4 *management information allowing the implementation of increased*
5 *auditing, compliance reporting, and fiscal accountability while*
6 *sharing information between the public, the Legislature, external*
7 *stakeholders, state, federal, and local agencies.*

8 *(g) Automate manual processes by providing the ability to*
9 *electronically receive and submit financial management documents*
10 *and data between agencies, departments, banks, vendors, and*
11 *other government entities.*

12 *(h) Provide online access to financial management information*
13 *resulting in a reduction of payment or approval inquiries, or both.*

14 *(i) Improve the state’s ability to preserve, access, and analyze*
15 *historical financial management information to reduce the*
16 *workload required to research and prepare this information.*

17 *(j) Enable the state to more quickly implement, track, and report*
18 *on changes to financial management processes and systems to*
19 *accommodate new information such as statutory changes and*
20 *performance information.*

21 *(k) Reduce the time, workload, and costs associated with*
22 *capturing and projecting revenues, expenditures, and program*
23 *needs for multiple years and scenarios, and for tracking, reporting,*
24 *and responding to legislative actions.*

25 *(l) Track purchase volumes and costs by vendor and commodity*
26 *code or service code to increase strategic sourcing opportunities,*
27 *reduce purchase prices, and capture total state spending data.*

28 *(m) Reduce procurement cycle time by automating purchasing*
29 *authority limits and approval dependencies, and easing access to*
30 *goods and services available from existing sources, including, but*
31 *not limited to, using leveraged procurement agreements.*

32 *(n) Streamline the accounts receivable collections process and*
33 *allow for offset capability which will provide the ability for*
34 *increased cash collection.*

35 *(o) Streamline the payment process and allow for faster vendor*
36 *payments that will reduce late payment penalty fees paid by the*
37 *state.*

38 *(p) Improve role-based security and workflow authorization by*
39 *capturing near real-time data from the state’s human resources*
40 *system of record.*

1 (q) Implement a stable and secure information technology
2 infrastructure.

3

4 Article 2. Development and Implementation of FISCAl

5

6 11860. (a) To serve the best interest of the state by optimizing
7 the financial business management of the state, the Department
8 of Finance, the Controller, the Treasurer, and the Department of
9 General Services shall collaboratively develop, implement, utilize,
10 and maintain the FISCAl system. This effort will ensure best
11 business practices by embracing opportunities to reengineer the
12 state's business processes and will encompass the management of
13 resources and funds in the areas of budgeting, accounting,
14 procurement, cash management, financial management, financial
15 reporting, cost accounting, asset accounting, project accounting,
16 and grant accounting.

17 (b) (1) All state departments and agencies shall use the FISCAl
18 system, or, upon approval from the office, a department or agency
19 shall be permitted to interface its system with the FISCAl system.
20 The FISCAl system is intended to replace any existing central or
21 departmental systems duplicative of the functionality of the FISCAl
22 system.

23 (2) The FISCAl system shall first be developed and implemented
24 with a select number of state departments and agencies, as selected
25 by the office. Once the FISCAl system has developed end-to-end
26 processes that meet the financial management needs of the state
27 and has been determined by the office to be effective, operationally
28 efficient, and secure, the FISCAl system shall be further
29 implemented, in phases, as more fully described in the approved
30 FISCAl project documents, at all remaining state departments and
31 agencies.

32 11862. (a) In addition to the requirements set forth in the
33 approved FISCAl project documents, the FISCAl system shall
34 include a state budget transparency component that allows the
35 public to have information regarding General Fund and federal
36 fund expenditure data, using an Internet Web site, by including
37 all of the following information for each General Fund and federal
38 fund expenditure:

39 (1) The name and principal location of each entity or other
40 recipient of the funds.

- 1 (2) *The amount of expenditure.*
- 2 (3) *The type of transaction.*
- 3 (4) *The identity of the state department or agency making the*
- 4 *expenditure.*
- 5 (5) *The budget program source for the expenditure.*
- 6 (6) *A brief description of the purpose for the expenditure.*
- 7 (7) *A brief description of any item purchased pursuant to the*
- 8 *expenditure.*

9 (b) *This section shall not require the disclosure of information*
10 *deemed confidential or otherwise exempt from disclosure under*
11 *state or federal law.*

12 11864. (a) *Throughout the development of the FISCAL system,*
13 *the California State Auditor’s Office shall independently monitor*
14 *the FISCAL system as the California State Auditor deems*
15 *appropriate. The California State Auditor’s Office independent*
16 *monitoring of the FISCAL system shall include, but not be limited*
17 *to, all of the following:*

18 (1) *Monitoring the contract for independent project oversight*
19 *and independent verification and validation services relating to*
20 *the FISCAL system.*

21 (2) *Assessing whether concerns about the FISCAL project raised*
22 *by the independent project oversight and independent verification*
23 *and validation services are being addressed by the office and the*
24 *steering committee of the office.*

25 (3) *Assessing whether the FISCAL system is progressing timely*
26 *and within its budget.*

27 (b) *The California State Auditor’s Office shall report, at a*
28 *minimum, on or before January 10 of each year, on the FISCAL*
29 *system activities that the California State Auditor’s Office deems*
30 *appropriate to monitor pursuant to this section in a manner*
31 *consistent with Chapter 6.5 (commencing with Section 8543) of*
32 *Division 1.*

33 (c) *This section shall not supersede or compromise the*
34 *Department of Technology’s oversight authority and*
35 *responsibilities with respect to the FISCAL system.*

36

37 *Article 3. Funding and Accounts*

38

39 11870. *The FISCAL Internal Services Fund continues in*
40 *existence in the State Treasury to pay the costs of development,*

1 *implementation, operations, and maintenance of the FISCAL System.*
2 *All assets, liabilities, and surplus shall remain in the FISCAL*
3 *Internal Services Fund. The Department of Finance shall make*
4 *the final determination of the budgetary and accounting*
5 *transactions that are required to carry out this section. Accounts*
6 *and subaccounts may be created within the FISCAL Internal*
7 *Services Fund as needed. Moneys in the FISCAL Internal Services*
8 *Fund, and its accounts and subaccounts, are available for cashflow*
9 *borrowing by the General Fund pursuant to Section 16310.*

10 11872. (a) *The FISCAL Consolidated Payment Fund is created*
11 *in the State Treasury for the purpose of allowing the Controller*
12 *to issue consolidated payments, excluding payroll, to any payee,*
13 *of costs that are chargeable to appropriations made from other*
14 *funds in the State Treasury, thereby allowing for efficient*
15 *processing through the FISCAL system of payments.*

16 (b) *The amounts to be disbursed from the FISCAL Consolidated*
17 *Payment Fund shall be transferred by the Controller, from the*
18 *funds and appropriations otherwise chargeable therewith, to the*
19 *FISCAL Consolidated Payment Fund prior to the time of*
20 *disbursement. All amounts in the FISCAL Consolidated Payment*
21 *Fund that are derived from abatements, refunds of amounts*
22 *disbursed, returned warrants, or the cancellation of warrants*
23 *issued from the FISCAL Consolidated Payment Fund shall be*
24 *returned by the Controller to the funds and appropriations from*
25 *which the amounts were originally transferred.*

26 11874. (a) *The office, subject to the approval of the*
27 *Department of Finance, shall establish and assess fees and a*
28 *payment schedule for state departments and agencies to use or*
29 *interface with the FISCAL system. The fees shall recover the costs*
30 *of the FISCAL system, including, but not limited to, the ongoing*
31 *maintenance and operation costs of the FISCAL system and shall*
32 *be deposited in the FISCAL Internal Services Fund. The fees shall*
33 *be based on an interim cost allocation plan until statistically valid*
34 *usage data is available.*

35 (b) *The office shall submit the cost allocation plan, including*
36 *the methodology used to develop fees, to the Department of Finance*
37 *during the state's annual budget development processes for review*
38 *and approval. The office shall submit any proposed changes in*
39 *fees or methodology to the Department of Finance concurrently*
40 *with budget requests.*

1 Article 4. Background Check Program

2
3 11880. (a) *The office and the FISCAl Service Center shall*
4 *require fingerprint images and associated information from any*
5 *employee, prospective employee, contractor, subcontractor,*
6 *volunteer, vendor, and partner agency employee assigned to either*
7 *the office or the FISCAl Service Center whose duties include, or*
8 *would include, having access to confidential or sensitive*
9 *information or data on the network or computing infrastructure.*

10 (b) *The fingerprint images and associated information described*
11 *in subdivision (a) shall be furnished to the Department of Justice*
12 *for the purpose of obtaining information as to the existence and*
13 *nature of any of the following:*

14 (1) *A record of state or federal convictions and the existence*
15 *and nature of state or federal arrests for which the person is free*
16 *on bail or on his or her own recognizance pending trial or appeal.*

17 (2) *Being convicted of, or pleading nolo contendere to, a crime,*
18 *or having committed an act involving dishonesty, fraud, or deceit,*
19 *if the crime or act is substantially related to the qualifications,*
20 *functions, or duties of the person in accordance with this provision.*

21 (3) *Any conviction or arrest, for which the person is free on bail*
22 *or on his or her own recognizance pending trial or appeal, with*
23 *a reasonable nexus to the information or data to which the person*
24 *shall have access.*

25 (c) *Requests for federal criminal offender record information*
26 *received by the Department of Justice pursuant to this section shall*
27 *be forwarded to the Federal Bureau of Investigation by the*
28 *Department of Justice.*

29 (d) *The Department of Justice shall respond to the Chief of*
30 *Human Resources of the office or the FISCAl Service Center with*
31 *information as provided under subdivision (p) of Section 11105*
32 *of the Penal Code.*

33 (e) *The Chief of Human Resources of the office or the FISCAl*
34 *Service Center shall request subsequent arrest notifications from*
35 *the Department of Justice as provided under Section 11105.2 of*
36 *the Penal Code.*

37 (f) *The Department of Justice may assess a fee sufficient to cover*
38 *the processing costs required under this section, as authorized*
39 *pursuant to subdivision (e) of Section 11105 of the Penal Code.*

1 (g) Persons described in subdivision (a) may be rejected if it is
2 determined they meet the criteria described in paragraph (2) or
3 (3) of subdivision (b). If a person is rejected, the individual shall
4 receive a copy of the response record from the Chief of Human
5 Resources of the office or the FISCAL Service Center.

6 (h) The Chief of Human Resources of the office or the FISCAL
7 Service Center shall follow a written appeal process for an
8 individual described in subdivision (a) who is determined ineligible
9 for employment because of his or her Department of Justice or
10 Federal Bureau of Investigation criminal offender record.

11 (i) When considering the background information received
12 pursuant to this section, the Chief of Human Resources of the office
13 or the FISCAL Service Center shall take under consideration any
14 evidence of rehabilitation, including, but not limited to,
15 participation in treatment programs and age and specifics of the
16 offense.

17
18 *Article 5. FISCAL Service Center*

19
20 *11890. There is in state government the FISCAL Service Center.*

21 *11892. (a) Consistent with the FISCAL Service Center Charter,*
22 *the FISCAL Service Center shall incrementally assume*
23 *responsibility of the FISCAL system functionality as portions of the*
24 *FISCAL system are implemented and accepted.*

25 *(b) The FISCAL Service Center shall provide the administrative*
26 *functions for the FISCAL system, including those functions of the*
27 *office, during its existence.*

28 *(c) The office and the FISCAL Service Center shall exist*
29 *concurrently during the phased implementation of the FISCAL*
30 *system. Upon full implementation and final acceptance of the*
31 *FISCAL system, the FISCAL Service Center shall perform all*
32 *maintenance and operation of the FISCAL system.*

33 *11894. The FISCAL Executive Partner shall have appointment*
34 *power for both the office and the FISCAL Service Center and shall*
35 *oversee the day-to-day functions of both the office and the FISCAL*
36 *Service Center. The FISCAL Executive Partner shall identify and*
37 *transfer staff from the office to the FISCAL Service Center to further*
38 *performance of the duties specified in Section 11892, in accordance*
39 *with Section 19050.9.*

1 *SEC. 10. Section 12153 of the Government Code is amended*
2 *to read:*

3 12153. The Secretary of State shall appoint a competent person
4 to the position of ~~Keeper of the~~ *Chief of Archives.*

5 In case of his *or her* absence or inability to perform the duties
6 of his *or her* position, the Secretary of State shall designate some
7 other competent person to act in his *or her* place.

8 *SEC. 11. Section 12168.7 of the Government Code is amended*
9 *to read:*

10 12168.7. (a) The California Legislature hereby recognizes the
11 need to adopt uniform statewide standards for the purpose of
12 storing and recording permanent and nonpermanent documents in
13 electronic media.

14 (b) In order to ensure that uniform statewide standards remain
15 current and relevant, the Secretary of ~~State, in consultation with~~
16 ~~the Department of General Services,~~ *State* shall approve and adopt
17 appropriate standards established by the American National
18 Standards Institute or the Association for Information and Image
19 Management.

20 (c) The standards specified in subdivision (b) shall include a
21 requirement that a trusted system be utilized. For this purpose and
22 for purposes of Sections 25105, 26205, 26205.1, 26205.5, 26907,
23 27001, 27322.2, 34090.5, and 60203, Section 102235 of the Health
24 and Safety Code, and Section 10851 of the Welfare and Institutions
25 Code, “trusted system” means a combination of techniques,
26 policies, and procedures for which there is no plausible scenario
27 in which a document retrieved from or reproduced by the system
28 could differ substantially from the document that is originally
29 stored.

30 (d) In order to develop statewide standards as expeditiously as
31 possible, and until the time that statewide standards are adopted
32 pursuant to subdivision (b), state officials shall ensure that
33 microfilming, electronic data imaging, and photographic
34 reproduction are done in compliance with the minimum standards
35 or guidelines, or both, as recommended by the American National
36 Standards Institute or the Association for Information and Image
37 Management for recording of permanent records or nonpermanent
38 records.

39 *SEC. 12. Section 12224 of the Government Code is amended*
40 *to read:*

1 12224. The Secretary of State may receive into the archives
2 any item that he *or she* deems to be of historical value and shall
3 receive into the archives any other item from a state agency if
4 directed to do so by the Department of General Services. *value.*

5 *SEC. 13. Section 12225 of the Government Code is amended*
6 *to read:*

7 12225. ~~With the approval of the Department of General~~
8 ~~Services, the~~ The Secretary of State may at any time return to the
9 state agency from which it was received any item in the archives
10 which he *or she* does not deem to be of historical value.

11 *SEC. 14. Section 12227 of the Government Code is amended*
12 *to read:*

13 12227. ~~The Keeper of the Chief of Archives is responsible for~~
14 ~~the preservation and indexing of material deposited in the State~~
15 ~~archives, Archives, and shall make the material readily available~~
16 ~~for use.~~

17 *SEC. 15. Section 12228 of the Government Code is amended*
18 *to read:*

19 12228. ~~The Keeper of the Chief of Archives shall give an~~
20 ~~appropriate receipt for all material received by him *or her* as a part~~
21 ~~of the archives.~~

22 *SEC. 16. Section 12229 of the Government Code is amended*
23 *to read:*

24 12229. The Secretary of State may maintain any item in an
25 active file in his *or her* office for such time as he *or she* deems
26 proper before transferring it to the archives.

27 *SEC. 17. Section 12230 of the Government Code is amended*
28 *to read:*

29 12230. The Secretary of State shall establish a Document
30 Preservation Shop and an Indexing Section to facilitate the
31 preservation and indexing of the archives. ~~He shall also prepare~~
32 ~~exhibitions of documentary materials from the archives to be~~
33 ~~displayed in the State Capitol Building.~~

34 *SEC. 18. Section 12231 of the Government Code is amended*
35 *to read:*

36 12231. In carrying out the provisions of this article, the
37 Secretary of State shall consult with and give consideration to the
38 recommendations of the ~~California Heritage Preservation~~
39 ~~Commission, California Historical Records Advisory Board, which~~

1 for that purpose shall serve in an advisory capacity to the Secretary
2 of State.

3 *SEC. 19. Section 12232 of the Government Code is amended*
4 *to read:*

5 12232. The Secretary of State shall utilize the ~~California State~~
6 ~~Library~~ *California Historical Records Advisory Board* to advise,
7 encourage, and coordinate the activities of the county historical
8 records commissions, either designated or appointed by the county
9 boards of supervisors pursuant to Section 26490. The chairman or
10 his or her designee of each county historical records commission
11 may attend an annual ~~meeting with the California State Library,~~
12 *meeting*, at state expense, to receive advice in the preservation of
13 local government archives and public library collections of
14 historical materials.

15 *SEC. 20. Section 12233 of the Government Code is amended*
16 *to read:*

17 12233. (a) ~~The~~ Secretary of State shall conduct under the
18 administration of the State Archives a regular governmental history
19 documentation program to provide through the use of oral history
20 a continuing documentation of state policy development as
21 reflected in California's legislative and executive history. The
22 secretary may contract with oral history units affiliated with public
23 or private nonprofit colleges, universities, or historical societies
24 located in California to perform selected program activities. The
25 secretary shall prescribe professional standards for the
26 accomplishment and governance of the program.

27 (b) ~~The Secretary of State shall submit annually a report to the~~
28 ~~Legislature on the program conducted pursuant to this section.~~

29 *SEC. 21. Section 12234 of the Government Code is repealed.*

30 ~~12234. The secretary shall conduct a feasibility study to assess~~
31 ~~the needs, costs, and appropriate location for a new facility or~~
32 ~~conversion of an existing facility, or both, to house the collections~~
33 ~~and operations of the California State Archives for at least the next~~
34 ~~50 years. The study shall take into consideration the~~
35 ~~appropriateness of combining compatible needs of other agencies~~
36 ~~to allow for cost-effective construction or conversion, or both, of~~
37 ~~facilities.~~

38 *SEC. 22. Section 12235 of the Government Code is repealed.*

39 12235. (a) ~~The~~ Director of General Services, as agent for the
40 Secretary of State, shall construct on Site 7, Capital Area Plan, a

1 Secretary of State and State Archives Building Complex, parking
2 facilities, and any other improvements, betterments, and facilities
3 related thereto, for the primary use of the Secretary of State and
4 State Archives as outlined in the study report required by Section
5 12234.

6 (b) Revenue bonds, negotiable notes, and negotiable bond
7 anticipation notes may be issued by the State Public Works Board
8 pursuant to the State Building Construction Act of 1955, Part 10b
9 (commencing with Section 15800), to finance the construction and
10 equipping of the Secretary of State and State Archives Building
11 Complex, parking facilities, and any other improvements,
12 betterments, and facilities related thereto as described in
13 subdivision (a).

14 (c) The amount of revenue bonds, negotiable notes, or negotiable
15 bond anticipation notes to be sold shall equal the cost of
16 construction and equipping of the complex and facilities, the cost
17 of working drawings, sums necessary to pay financing costs,
18 including interest during construction, and a reasonable reserve
19 fund. Construction costs shall not exceed one hundred million
20 dollars (\$100,000,000) based on the Lee-Saylor Cost Index 433.

21 (d) The amount of negotiable bond anticipation notes sold shall
22 not exceed the amount of revenue bonds and negotiable notes
23 authorized by this section. Any augmentation of the approved
24 project costs shall be subject to Section 13332.11. The board may
25 borrow funds for project costs from the Pooled Money Investment
26 Account pursuant to Sections 16312 and 16313.

27 (e) At least 20 days prior to the award of the principal bid for
28 the construction of the complex, the director shall notify the
29 chairpersons of the fiscal committees of each house of the
30 Legislature of the amount of the bid.

31 (f) (1) The Director of General Services may lease the complex
32 and facilities financed with the proceeds of the revenue bonds,
33 negotiable notes, or negotiable bond anticipation notes from the
34 board pursuant to Section 15817 for use by the Secretary of State
35 and State Archives.

36 (2) The director shall notify the Chairperson of the Joint
37 Legislative Budget Committee of the director's intention to execute
38 any lease agreement authorized by paragraph (1) at least 20 days
39 prior to its execution.

1 *SEC. 23. Section 12236 of the Government Code is amended*
2 *to read:*

3 12236. (a) The Secretary of State shall establish ~~the~~ a Local
4 Government Records Program to be administered by the State
5 Archives to establish guidelines for local government records
6 retention and to provide archival support to local agencies in this
7 state.

8 (b) The Secretary of State shall establish, publish, update, and
9 maintain on a permanent basis guidelines for local government
10 records retention. The Secretary of State may consult with
11 appropriate professional organizations representing city, county,
12 and special district records administrators regarding the
13 establishment of these guidelines.

14 (c) The program shall be primarily responsible for the
15 performance of the following functions:

16 (1) Publish the guidelines developed pursuant to subdivision
17 (b) in paper form initially and on the Internet web site for the
18 Secretary of State.

19 (2) Monitor and review changes in state laws and administrative
20 regulations that pertain to local government records retention.

21 (3) Monitor practices and procedures in records administration
22 that have bearing on local government records retention and
23 management.

24 (4) Update published guidelines on a current and timely basis
25 as changes occur.

26 (5) Make supporting information about state laws and
27 administrative regulations that pertain to local government records
28 retention available to local government agencies.

29 (6) Function as the liaison for the State Archives with
30 appropriate professional organizations.

31 (7) Maintain communication with individual local government
32 agencies.

33 (8) Consult and provide information and advice to local
34 government agencies on archival *and records management*
35 practices.

36 (9) Consult and provide information and advice to local
37 government agencies on history and heritage.

38 *SEC. 24. Article 7 (commencing with Section 12270) is added*
39 *to Chapter 3 of Part 2 of Division 3 of Title 2 of the Government*
40 *Code, to read:*

Article 7. State Records Management Act

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12270. This article shall be known, and may be cited, as the State Records Management Act.

12271. For the purposes of this article, the following terms shall have the following meanings:

(a) “Acquire” includes acquisition by gift, purchase, lease, eminent domain, or otherwise.

(b) “Archival value” means the ongoing usefulness or significance of a record based on the administrative, legal, fiscal, evidential, or historical information it contains, justifying its permanent preservation.

(c) “Public record plant” means the plant, or any part thereof, or any record therein, of any person engaged in the business of searching or publishing public records or insuring or guaranteeing titles to real property, including copies of public records or abstracts and memoranda taken from public records that are owned by or in possession of that person or that are used by that person in his or her business.

(d) “Public use form” means a form used by the state to obtain or to solicit facts, opinions, or other information from the public or a private citizen, partnership, corporation, organization, business trust, or nongovernmental entity or legal representative thereof.

(e) “Record” has the same meaning as “public records” as defined in subdivision (e) of Section 6252, and includes, but is not limited to, any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by a state or local agency regardless of physical form or characteristics. Library and museum materials made or acquired and preserved solely for reference or exhibition purposes and stocks of publications and of processed documents are not included within the definition of the term “record” as used in this article.

12272. (a) The Secretary of State shall establish and administer a records management program that will apply efficient and economical management methods to the creation, utilization, maintenance, retention, preservation, and disposal of state records.

(b) The duties of the Secretary of State shall include, but shall not be limited to:

1 (1) *Establishing standards, procedures, and techniques for*
2 *effective management of records.*

3 (2) *Obtaining from agencies reports required for the*
4 *administration of the program.*

5 12273. *Notwithstanding any other law, a record held in the*
6 *State Records Center or by a state agency determined by the*
7 *Secretary of State to have archival value and to be at risk of*
8 *damage or loss, or in poor physical condition, shall be transferred*
9 *to the State Archives at the direction of the Secretary of State with*
10 *notification to the head of the agency not less than 10 days prior*
11 *to the transfer. The Secretary of State shall enforce all statutory*
12 *requirements regarding the confidentiality of records transferred*
13 *to the State Archives pursuant to this section and shall make the*
14 *records available to authorized individuals or the public, as*
15 *determined by applicable law.*

16 12274. *The head of a state agency shall do all of the following:*

17 (a) *Establish and maintain an active, continuing program for*
18 *the economical and efficient management of the records and*
19 *information collection practices of the agency. The program shall*
20 *ensure that the information needed by the agency may be obtained*
21 *with a minimum burden upon individuals and businesses, especially*
22 *small business enterprises and others required to furnish the*
23 *information. Unnecessary duplication of efforts in obtaining*
24 *information shall be eliminated as rapidly as practical. Information*
25 *collected by the agency shall, as far as is expedient, be collected*
26 *and tabulated in a manner that maximizes the usefulness of the*
27 *information to other state agencies and the public.*

28 (b) *Determine, with the concurrence of the Secretary of State,*
29 *records essential to the functioning of state government in the*
30 *event of a major disaster.*

31 (c) *When requested by the Secretary of State, provide a written*
32 *justification for storage or extension of scheduled retention of a*
33 *record in the State Records Center for a period of 50 years or*
34 *more. The Secretary of State shall review and approve any*
35 *scheduled retention of a record in the State Records Center for a*
36 *period of 50 years or more. A record deemed to have archival*
37 *value shall be transferred to the State Archives.*

38 (d) *Comply with the rules, regulations, standards, and*
39 *procedures issued by the Secretary of State.*

1 12275. (a) A record shall not be destroyed or otherwise
2 disposed of by an agency of the state, unless it is determined by
3 the Secretary of State that the record has no further administrative,
4 legal, or fiscal value and the Secretary of State has determined
5 that the record is inappropriate for preservation in the State
6 Archives.

7 (b) The Secretary of State shall not authorize the destruction of
8 a record subject to audit until he or she has determined that the
9 audit has been performed.

10 (c) The Secretary of State shall not authorize the destruction of
11 all or any part of an agency rulemaking file subject to Section
12 11347.3.

13 12276. (a) The records of a state agency may be microfilmed,
14 electronically data imaged, or otherwise photographically
15 reproduced and certified upon the written authorization of the
16 head of the agency. The microfilming, electronic data imaging, or
17 photographic reproduction shall be made in compliance with the
18 minimum standards or guidelines, or both, as recommended by
19 the American National Standards Institute or the Association for
20 Information and Image Management, and as adopted by the
21 Secretary of State, for recording of permanent records or
22 nonpermanent records.

23 (b) The certification of each reproduction or set of reproductions
24 shall be in accordance with the standards, or have the approval,
25 of the Attorney General. The certification shall contain a statement
26 of the identity, description, and disposition or location of the
27 records reproduced, the date, reason, and authorization for the
28 reproduction, and other information that the Attorney General
29 requires.

30 (c) The certified reproductions shall be deemed to be original
31 records for all purposes, including introduction in courts of law
32 and state agencies.

33 12277. A person, other than a temporary employee, serving in
34 the state civil service and employed by the Department of General
35 Services in the California State Records and Information
36 Management Program shall remain in the state civil service and
37 is hereby transferred to the Secretary of State. The status, position,
38 and rights of the person shall not be affected by the transfer and
39 shall continue to be retained by the person pursuant to the State
40 Civil Service Act.

1 12278. *All equipment and records in the California State*
2 *Records and Information Management Program in the Department*
3 *of General Services are transferred to the Secretary of State.*

4 12279. *If a record of a state agency has been lost or destroyed*
5 *by conflagration or other public calamity, the Secretary of State*
6 *may acquire the right to reproduce any portion of a public record*
7 *plant as is necessary for the purpose of restoring or replacing the*
8 *record or its substance.*

9 SEC. 25. *Section 12432 of the Government Code is amended*
10 *to read:*

11 12432. (a) The Legislature hereby finds and declares that it is
12 essential for the state to replace the current automated human
13 resource/payroll systems operated by the Controller to ensure that
14 state employees continue to be paid accurately and on time and
15 that the state may take advantage of new capabilities and improved
16 business practices. To achieve this replacement of the current
17 systems, the Controller is authorized to procure, modify, and
18 implement a new human resource management system that meets
19 the needs of a modern state government. This replacement effort
20 is known as the 21st Century Project.

21 (b) Notwithstanding any other law, beginning with the 2004–05
22 fiscal year, the Controller may assess the special and
23 nongovernmental cost funds in sufficient amounts to pay for the
24 authorized 21st Century Project costs that are attributable to those
25 funds. Assessments in support of the expenditures for the 21st
26 Century Project shall be made quarterly, and the total amount
27 assessed from these funds annually shall not exceed the total
28 expenditures incurred by the Controller for the 21st Century Project
29 that are attributable to those funds in that fiscal year.
30 Appropriations for this purpose shall be made in the annual Budget
31 Act.

32 (c) To the extent permitted by law, beginning with the 2004–05
33 fiscal year, the Controller shall establish agreements with various
34 agencies and departments for the collection from federal funds of
35 costs that are attributable to federal funds. The total amount
36 collected from those agencies and departments annually shall not
37 exceed the total expenditures incurred by the Controller for the
38 21st Century Project that are attributable to federal funds in that
39 fiscal year. Appropriations for that purpose shall be made in the
40 annual Budget Act.

1 (d) It is the intent of the Legislature that, beginning not earlier
 2 than the 2006–07 fiscal year, future annual Budget Acts include
 3 General Fund appropriations in sufficient amounts for expenditures
 4 for the 21st Century Project that are attributable to the General
 5 Fund. It is the Legislature’s intent that the share of the total project
 6 costs paid for by the General Fund shall be equivalent to the share
 7 of the total project costs paid for from special and nongovernmental
 8 cost fund assessments and collections from federal funds.

9 (e) This section shall remain in effect only until June 30, ~~2014,~~
 10 ~~2015~~, and as of that date is ~~repealed, unless a later enacted statute,~~
 11 ~~that is enacted before June 30, 2014, deletes or extends that date.~~
 12 ~~repealed.~~

13 *SEC. 26. Section 12478 of the Government Code is amended*
 14 *to read:*

15 12478. Upon receipt of proof, satisfactory to the Controller,
 16 that a pay roll warrant issued by the Controller has been lost or
 17 destroyed prior to its delivery to the employee to whom it is
 18 payable, the Controller shall, upon certification by the payee’s
 19 appointing power, issue a ~~duplicate~~ *replacement* warrant in
 20 payment of the same amount, without requiring a bond from the
 21 payee, and any loss incurred in connection therewith shall be
 22 charged against the account from which the payment was derived.
 23 Without limiting the generality of the preceding sentence, a pay
 24 roll warrant shall be considered to have been lost if it has been
 25 sent to the payee but not received by him within a reasonable time,
 26 consistent with the policy of prompt payment of employees or if
 27 it has been sent to a state officer or employee for delivery to the
 28 payee or for forwarding to another state officer or employee for
 29 such delivery, and has not been received within such reasonable
 30 time.

31 A ~~duplicate~~ *replacement* warrant is void if not presented for
 32 payment to the ~~State~~ Treasurer within the same time limit provided
 33 by law for the original warrant.

34 *SEC. 27. Section 13300.5 of the Government Code is amended*
 35 *to read:*

36 13300.5. (a) The Legislature finds and declares that the project
 37 of the FISCAl Project to modernize the state’s internal financial
 38 systems is a critical project that must be subject to the highest level
 39 of oversight. According to the ~~California Technology Agency,~~
 40 *Department of Technology*, the size and scope of this modernization

1 and automation effort make this project one of the highest risk
2 projects undertaken by the state. Therefore, the Legislature must
3 take steps to ensure it is fully informed as the project is
4 implemented. It is the intent of the Legislature to adopt additional
5 reporting requirements for the FISCAl Project Office to adequately
6 manage the project's risk and to ensure the successful
7 implementation of this effort.

8 (b) The FISCAl Project Office shall report to the Legislature,
9 by February 15 of each year, an update on the project. The report
10 shall include all of the following:

11 (1) An executive summary and overview of the project's status.

12 (2) An overview of the project's history.

13 (3) Significant events of the project within the current reporting
14 period and a projection of events during the next reporting period.

15 (4) A discussion of mitigation actions being taken by the project
16 for any missed major milestones.

17 (5) A comparison of actual to budgeted expenditures, and an
18 explanation of variances and any planned corrective actions,
19 including a summary of FISCAl project and staffing levels and an
20 estimate of staff participation from partner agencies.

21 (6) An articulation of expected functionality and qualitative
22 benefits from the project that were achieved during the reporting
23 period and that are expected to be achieved in the subsequent year.

24 (7) An overview of change management activities and
25 stakeholder engagement in the project, including a summary of
26 departmental participation in the FISCAl project.

27 (8) A discussion of lessons learned and best practices that will
28 be incorporated into future changes in management activities.

29 (9) A description of any significant software customization,
30 including a justification for why, if any, customization was granted.

31 (10) Updates on the progress of meeting the project objectives,
32 ~~including the objectives provided in paragraph (1) of subdivision~~
33 ~~(e) of Section 15849.22.~~ *objectives.*

34 (c) The initial report, due February 15, 2013, shall provide a
35 description of the approved project scope. Later reports shall
36 describe any later deviations to the project scope, cost, or schedule.

37 (d) The initial report shall also provide a summary of the project
38 history from Special Project Report 1 to Special Project Report 4,
39 inclusive.

1 (e) This section shall remain in effect until a postimplementation
 2 evaluation report has been approved by the ~~California Technology~~
 3 ~~Agency. Department of Technology. The California Technology~~
 4 ~~Agency Department of Technology~~ shall post a notice on its
 5 Internet Web site when the report is approved.

6 *SEC. 28. Section 13332.11 of the Government Code is amended*
 7 *to read:*

8 13332.11. (a) (1) Except as otherwise specified in paragraph
 9 (2), ~~no~~ funds appropriated for capital outlay ~~may~~ *shall not* be
 10 expended by any state agency, including, *but not limited to*, the
 11 University of California, the California State University, the
 12 California Community Colleges, and the ~~Judicial Council~~ *Council*,
 13 until the Department of Finance and the State Public Works Board
 14 have approved preliminary plans for the project to be funded from
 15 a capital outlay appropriation.

16 (2) Paragraph (1) shall not apply to any of the following:

17 (A) Amounts for acquisition of real property in fee, or any other
 18 lesser interest.

19 (B) Amounts for equipment or minor capital outlay projects.

20 (C) Amounts appropriated for preliminary plans, surveys, and
 21 studies.

22 (b) Notwithstanding subdivision (a), approvals by the State
 23 Public Works Board and the Department of Finance for the
 24 University of California and the California Community Colleges
 25 shall apply only to the allocation of state capital outlay funds
 26 appropriated by the Legislature, including land acquisition and
 27 equipment funds.

28 (c) Any appropriated amounts for working drawings or
 29 construction where the working drawings or construction have
 30 been started by any state agency prior to approval of the
 31 preliminary plans by the State Public Works Board shall be reverted
 32 to the fund from which the appropriation was made, as approved
 33 by the Department of Finance. ~~No~~ A major project for which a
 34 capital outlay appropriation is made shall *not* be put out to bid
 35 until the working drawings have been approved by the Department
 36 of Finance. ~~No~~ A substantial change shall *not* be made to the
 37 approved preliminary plans or approved working drawings without
 38 written approval by the Department of Finance. ~~Any~~ *The*
 39 *Department of Finance shall approve any proposed construction*

1 ~~bid alternates shall be approved by the Department of Finance.~~
2 ~~alternates.~~

3 (d) The Department of Finance shall approve the use of funds
4 from a capital outlay appropriation for the purchase of any
5 significant unit of equipment.

6 (e) The State Public Works Board may augment a major project
7 in an amount of up to 20 percent of the total of the capital outlay
8 appropriations for the project, irrespective of whether any such
9 appropriation has reverted. For projects authorized through multiple
10 fund sources, including, but not limited to, general obligation bonds
11 and lease-revenue bonds, to the extent otherwise permissible, the
12 Department of Finance shall have full authority to determine which
13 of the fund sources will bear all or part of an augmentation. The
14 board shall defer all augmentations in excess of 20 percent of the
15 amount appropriated for each capital outlay project until the
16 Legislature makes additional funds available for the specific
17 project.

18 (f) In addition to the powers provided by Section 15849.6, the
19 State Public Works Board may further increase the additional
20 amount in Section 15849.6 to include a reasonable construction
21 reserve within the construction fund for any capital outlay project
22 without augmenting the project. The amount of the construction
23 reserve shall be within the 20 percent augmentation limitation.
24 The board may use this amount to augment the project, when and
25 if necessary, after the lease revenue bonds are sold to ~~assure~~ *ensure*
26 completion of the project. ~~Upon completion of the project, any~~
27 ~~amount remaining in the construction reserve funds shall be used~~
28 ~~to offset rental payments.~~

29 (g) Augmentations in excess of 10 percent of the amount
30 appropriated for each capital outlay project shall be reported to
31 the Chairperson of the Joint Legislative Budget Committee, or his
32 or her designee, 20 days prior to board approval, or not sooner
33 than whatever lesser time the chairperson, or his or her designee,
34 may in each instance determine.

35 (h) (1) The Department of Finance may change the
36 administratively or legislatively approved scope for major capital
37 outlay projects.

38 (2) If the Department of Finance changes the approved scope
39 pursuant to paragraph (1), the department shall report the changes
40 and associated cost implications to the Chairperson of the Joint

1 Legislative Budget Committee, the chairpersons of the respective
2 fiscal committees, and the legislative advisers of the State Public
3 Works Board 20 days prior to the proposed board action to
4 recognize the scope change.

5 (i) The State Public Works Board shall defer action with respect
6 to approval of an acquisition project, when it is determined that
7 the estimated cost of the total acquisition project, as approved by
8 the Legislature is in excess of 20 percent of the amount
9 appropriated, unless it is determined that a lesser portion of the
10 property is sufficient to meet the objectives of the project approved
11 by the Legislature, and the Chairperson of the Joint Legislative
12 Budget Committee, or his or her designee, is provided a 20-day
13 prior notification of the proposed reductions in the acquisition
14 project, or whatever lesser period the chairperson, or his or her
15 designee, may in each instance determine.

16 (j) The Department of Finance shall report to the Chairperson
17 of the Joint Legislative Budget Committee, the chairpersons of the
18 respective fiscal committees, and legislative advisers of the State
19 Public Works Board 20 days prior to the proposed board approval
20 of preliminary plans when it is determined that the estimated cost
21 of the total capital outlay construction project is in excess of 20
22 percent of the amount recognized by the Legislature.

23 (k) Nothing in this section shall be construed to limit or control
24 the Department of Transportation or the California Exposition and
25 State Fair in the expenditure of all funds appropriated to the
26 department for capital outlay purposes.

27 *SEC. 29. Section 13332.19 of the Government Code is amended*
28 *to read:*

29 13332.19. (a) For the purposes of this section, the following
30 definitions shall apply:

31 (1) “Design-build” means a construction procurement process
32 in which both the design and construction of a project are procured
33 from a single entity.

34 (2) “Design-build project” means a capital outlay project using
35 the design-build construction procurement process.

36 (3) “Design-build entity” means a partnership, corporation, or
37 other legal entity that is able to provide appropriately licensed
38 contracting, architectural, and engineering services as needed.

39 (4) “Design-build solicitation package” means the performance
40 criteria, any concept drawings, the form of contract, and all other

1 documents and information that serve as the basis on which bids
2 or proposals will be solicited from the design-build entities.

3 (5) “Design-build phase” means the period following the award
4 of a contract to a design-build entity in which the design-build
5 entity completes the design and construction activities necessary
6 to fully complete the project in compliance with the terms of the
7 contract.

8 (6) “Performance criteria” means the information that fully
9 describes the scope of the proposed project and includes, but is
10 not limited to, the size, type, and design character of the buildings
11 and site; the required form, fit, function, operational requirements,
12 and quality of design, materials, equipment, and workmanship;
13 and any other information deemed necessary to sufficiently
14 describe the state’s needs.

15 (7) “Concept drawings” means any schematic drawings or
16 architectural renderings that are prepared, in addition to
17 performance criteria, in such detail as is necessary to sufficiently
18 describe the state’s needs.

19 (b) (1) Except as otherwise specified in ~~paragraphs (1) to (4);~~
20 ~~subparagraphs (A) to (D), inclusive, no of paragraph (2) funds~~
21 ~~appropriated for a design-build project may shall not~~ be expended
22 by any state agency, including, but not limited to, the University
23 of California, the California State University, the California
24 Community Colleges, and the Judicial Council, until the
25 Department of Finance and the State Public Works Board have
26 approved performance criteria or performance criteria and concept
27 drawings for the project.

28 ~~This~~

29 (2) *This* section shall not apply to any of the following:

30 ~~(1)~~

31 (A) Amounts for acquisition of real property, in fee or any lesser
32 interest.

33 ~~(2)~~

34 (B) Amounts for equipment or minor capital outlay projects.

35 ~~(3)~~

36 (C) Amounts appropriated for performance criteria and concept
37 drawings.

38 ~~(4)~~

39 (D) Amounts appropriated for preliminary plans, if the
40 appropriation was made prior to January 1, 2005.

1 (c) Any appropriated amounts for the design-build phase of a
2 design-build project, where funds have been expended on the
3 design-build phase by any state agency prior to the approval of
4 the performance criteria or the performance criteria and concept
5 drawings by the State Public Works Board, and all amounts not
6 approved by the board under this section shall be reverted to the
7 fund from which the appropriation was made. ~~No~~ A design-build
8 project for which a capital outlay appropriation is made shall *not*
9 be put out to design-build solicitation until the bid package has
10 been approved by the Department of Finance. ~~No~~ A substantial
11 change shall *not* be made to the performance criteria or to
12 performance criteria and concept drawings as approved by the
13 board and the Department of Finance without written approval by
14 the Department of Finance. ~~Any~~ *The Department of Finance shall*
15 *approve any* proposed bid or proposal alternates set forth in the
16 design-build solicitation ~~package shall be approved by the~~
17 ~~Department of Finance.~~ *package.*

18 (d) The State Public Works Board may augment a design-build
19 project in an amount of up to 20 percent of the capital outlay
20 appropriations for the project, irrespective of whether any such
21 appropriation has reverted. For projects authorized through multiple
22 fund sources, including, but not limited to, general obligation bonds
23 and lease-revenue bonds, to the extent permissible, the Department
24 of Finance shall have full authority to determine which of the fund
25 sources will bear all or part of an augmentation. The board shall
26 defer all augmentations in excess of 20 percent of the amount
27 appropriated for each design-build project until the Legislature
28 makes additional funds available for the specific project.

29 (e) In addition to the powers provided by Section 15849.6, the
30 State Public Works Board may further increase the additional
31 amount in Section 15849.6 to include a reasonable construction
32 reserve within the construction fund for any capital outlay project
33 without augmenting the project. The amount of the construction
34 reserve shall be within the 20 percent augmentation limitation.
35 The board may use this amount to augment the project, when and
36 if necessary, after the lease-revenue bonds are sold to ~~assure~~ *ensure*
37 completion of the project. ~~Upon completion of the project, any~~
38 ~~amount remaining in the construction reserve fund shall be used~~
39 ~~to offset rental payments.~~

1 (f) Any augmentation in excess of 10 percent of the amounts
2 appropriated for each design-build project shall be reported to the
3 Chairperson of the Joint Legislative Budget Committee, or his or
4 her designee, 20 days prior to board approval, or not sooner than
5 whatever lesser time the chairperson, or his or her designee, may
6 in each instance determine.

7 (g) (1) The Department of Finance may change the
8 administratively or legislatively approved scope for major
9 design-build projects.

10 (2) If the Department of Finance changes the approved scope
11 pursuant to paragraph (1), the department shall report the changes
12 and associated cost implications to the Chairperson of the Joint
13 Legislative Budget Committee, the chairpersons of the respective
14 fiscal committees, and the legislative members of the State Public
15 Works Board 20 days prior to the proposed board action to
16 recognize the scope change.

17 (h) The Department of Finance shall report to the Chairperson
18 of the Joint Legislative Budget Committee, the chairpersons of the
19 respective fiscal committees, and the legislative members of the
20 State Public Works Board 20 days prior to the proposed board
21 approval of performance criteria or performance criteria and
22 concept drawings for any project when it is determined that the
23 estimated cost of the total design-build project is in excess of 20
24 percent of the amount recognized by the Legislature.

25 *SEC. 30. Section 13963.1 of the Government Code is amended*
26 *to read:*

27 13963.1. (a) The Legislature finds and declares all of the
28 following:

29 (1) Without treatment, approximately 50 percent of people who
30 survive a traumatic, violent injury experience lasting or extended
31 psychological or social difficulties. Untreated psychological trauma
32 often has severe economic consequences, including overuse of
33 costly medical services, loss of income, failure to return to gainful
34 employment, loss of medical insurance, and loss of stable housing.

35 (2) Victims of crime should receive timely and effective mental
36 health treatment.

37 (3) The board shall administer a program to evaluate applications
38 and award grants to trauma recovery centers.

39 (b) The board shall award a grant only to a trauma recovery
40 center that meets both of the following criteria:

1 (1) The trauma recovery center demonstrates that it serves as a
2 community resource by providing services, including, but not
3 limited to, making presentations and providing training to law
4 enforcement, community-based agencies, and other health care
5 providers on the identification and effects of violent crime.

6 (2) Any other related criteria required by the board.

7 ~~(e) Upon appropriation by the Legislature, the board shall award~~
8 ~~grants totaling up to two million dollars (\$2,000,000) per year. All~~
9 ~~grants shall be funded only from the Restitution Fund.~~

10 *(c) It is the intent of the Legislature to provide an annual*
11 *appropriation of two million dollars (\$2,000,000) per year. All*
12 *grants awarded by the board shall be funded only from the*
13 *Restitution Fund.*

14 (d) The board may award a grant providing funding for up to a
15 maximum period of three years. Any portion of a grant that a
16 trauma recovery center does not use within the specified grant
17 period shall revert to the Restitution Fund. The board may award
18 consecutive grants to a trauma recovery center to prevent a lapse
19 in funding. The board shall not award a trauma recovery center
20 more than one grant for any period of time.

21 (e) The board, when considering grant applications, shall give
22 preference to a trauma recovery center that conducts outreach to,
23 and serves, both of the following:

24 (1) Crime victims who typically are unable to access traditional
25 services, including, but not limited to, victims who are homeless,
26 chronically mentally ill, of diverse ethnicity, members of immigrant
27 and refugee groups, disabled, who have severe trauma-related
28 symptoms or complex psychological issues, or juvenile victims,
29 including minors who have had contact with the juvenile
30 dependency or justice system.

31 (2) Victims of a wide range of crimes, including, but not limited
32 to, victims of sexual assault, domestic violence, physical assault,
33 shooting, stabbing, and vehicular assault, and family members of
34 homicide victims.

35 (f) The trauma recovery center sites shall be selected by the
36 board through a well-defined selection process that takes into
37 account the rate of crime and geographic distribution to serve the
38 greatest number of victims.

39 (g) A trauma recovery center that is awarded a grant shall do
40 both of the following:

1 (1) Report to the board annually on how grant funds were spent,
2 how many clients were served (counting an individual client who
3 receives multiple services only once), units of service, staff
4 productivity, treatment outcomes, and patient flow throughout
5 both the clinical and evaluation components of service.

6 (2) In compliance with federal statutes and rules governing
7 federal matching funds for victims' services, each center shall
8 submit any forms and data requested by the board to allow the
9 board to receive the 60 percent federal matching funds for eligible
10 victim services and allowable expenses.

11 (h) For purposes of this section, a trauma recovery center
12 provides, including, but not limited to, all of the following
13 resources, treatments, and recovery services to crime victims:

14 (1) Mental health services.

15 (2) Assertive community-based outreach and clinical case
16 management.

17 (3) Coordination of care among medical and mental health care
18 providers, law enforcement agencies, and other social services.

19 (4) Services to family members and loved ones of homicide
20 victims.

21 (5) A multidisciplinary staff of clinicians that includes
22 psychiatrists, psychologists, and social workers.

23 *SEC. 31. Section 14740 of the Government Code is amended*
24 *to read:*

25 14740. This chapter shall be known as the "~~State State~~ Records
26 ~~Management Act.~~" *Storage Act.*

27 *SEC. 32. Section 14745 of the Government Code is amended*
28 *to read:*

29 14745. The director shall establish and administer in the
30 executive branch of state government a records ~~management~~
31 ~~program, which storage program that~~ will apply efficient and
32 economical ~~management records storage~~ methods to the ~~creation,~~
33 utilization, maintenance, retention, preservation, and disposal of
34 state records.

35 *SEC. 33. Section 14746 of the Government Code is amended*
36 *to read:*

37 14746. The duties of the director shall ~~include~~ *include*, but not
38 be limited to:

39 (a) Establishing standards, procedures, and techniques for
40 effective ~~management storage~~ of records.

1 (b) Providing appropriate protection for records designated by
2 state agencies, with the concurrence of the director, as essential to
3 the functioning of state government in the event of a major disaster.

4 (c) Obtaining from agencies reports required for the
5 administration of the program.

6 (d) *Establishing, maintaining, and operating record centers for*
7 *the storage, processing, and servicing of scheduled records for*
8 *state agencies pending their deposit with the State Archives or*
9 *their disposition in any other manner authorized by law.*

10 *SEC. 34. Article 3 (commencing with Section 14750) of Chapter*
11 *5 of Part 5.5 of Division 3 of Title 2 of the Government Code is*
12 *repealed.*

13 *SEC. 35. Article 4 (commencing with Section 14755) of Chapter*
14 *5 of Part 5.5 of Division 3 of Title 2 of the Government Code is*
15 *repealed.*

16 *SEC. 36. Article 6 (commencing with Section 14765) of Chapter*
17 *5 of Part 5.5 of Division 3 of Title 2 of the Government Code is*
18 *repealed.*

19 *SEC. 37. Article 7 (commencing with Section 14769) of Chapter*
20 *5 of Part 5.5 of Division 3 of Title 2 of the Government Code is*
21 *repealed.*

22 *SEC. 38. Chapter 7 (commencing with Section 15849.20) of*
23 *Part 10b of Division 3 of Title 2 of the Government Code is*
24 *repealed.*

25 *SEC. 39. Section 16429.1 of the Government Code is amended*
26 *to read:*

27 16429.1. (a) There is in trust in the custody of the Treasurer
28 the Local Agency Investment Fund, which fund is hereby created.
29 The Controller shall maintain a separate account for each
30 governmental unit having deposits in this fund.

31 (b) Notwithstanding any other ~~provisions~~ of law, a local
32 governmental official, with the consent of the governing body of
33 that agency, having money in its treasury not required for
34 immediate needs, may remit the money to the Treasurer for deposit
35 in the Local Agency Investment Fund for the purpose of
36 investment.

37 (c) Notwithstanding any other ~~provisions~~ of law, an officer of
38 any nonprofit corporation whose membership is confined to public
39 agencies or public officials, or an officer of a qualified
40 quasi-governmental agency, with the consent of the governing

1 body of that agency, having money in its treasury not required for
2 immediate needs, may remit the money to the Treasurer for deposit
3 in the Local Agency Investment Fund for the purpose of
4 investment.

5 (d) Notwithstanding any other ~~provision of law or~~ *provision* of
6 this section, a local agency, with the approval of its governing
7 body, may deposit in the Local Agency Investment Fund proceeds
8 of the issuance of bonds, notes, certificates of participation, or
9 other evidences of indebtedness of the agency pending expenditure
10 of the proceeds for the authorized purpose of their issuance. In
11 connection with these deposits of proceeds, the Local Agency
12 Investment Fund is authorized to receive and disburse moneys,
13 and to provide information, directly with or to an authorized officer
14 of a trustee or fiscal agent engaged by the local agency, the Local
15 Agency Investment Fund is authorized to hold investments in the
16 name and for the account of that trustee or fiscal agent, and the
17 Controller shall maintain a separate account for each deposit of
18 proceeds.

19 (e) The local governmental unit, the nonprofit corporation, or
20 the quasi-governmental agency has the exclusive determination
21 of the length of time its money will be on deposit with the
22 Treasurer.

23 (f) The trustee or fiscal agent of the local governmental unit has
24 the exclusive determination of the length of time proceeds from
25 the issuance of bonds will be on deposit with the Treasurer.

26 (g) The Local Investment Advisory Board shall determine those
27 quasi-governmental agencies which qualify to participate in the
28 Local Agency Investment Fund.

29 (h) The Treasurer may refuse to accept deposits into the fund
30 if, in the judgment of the Treasurer, the deposit would adversely
31 affect the state's portfolio.

32 (i) The Treasurer may invest the money of the fund in securities
33 prescribed in Section 16430. The Treasurer may elect to have the
34 money of the fund invested through the Surplus Money Investment
35 Fund as provided in Article 4 (commencing with Section 16470)
36 of Chapter ~~3 of Part 2 of Division 4 of Title 2.~~ 3.

37 (j) Money in the fund shall be invested to achieve the objective
38 of the fund which is to realize the maximum return consistent with
39 safe and prudent treasury management.

1 (k) All instruments of title of all investments of the fund shall
2 remain in the Treasurer's vault or be held in safekeeping under
3 control of the Treasurer in any federal reserve bank, or any branch
4 thereof, or the Federal Home Loan Bank of San Francisco, with
5 any trust company, or the trust department of any state or national
6 bank.

7 (l) Immediately at the conclusion of each calendar quarter, all
8 interest earned and other increment derived from investments shall
9 be distributed by the Controller to the contributing governmental
10 units or trustees or fiscal agents, nonprofit corporations, and
11 quasi-governmental agencies in amounts directly proportionate to
12 the respective amounts deposited in the Local Agency Investment
13 Fund and the length of time the amounts remained therein. An
14 amount equal to the reasonable costs incurred in carrying out the
15 provisions of this section, not to exceed a maximum of 5 percent
16 of the earnings of this fund and not to exceed the amount
17 appropriated in the annual Budget Act for this function, shall be
18 deducted from the earnings prior to distribution. *However, if the*
19 *13-week Daily Treasury Bill Rate, as published by the United*
20 *States Department of the Treasury on the last day of the state's*
21 *fiscal year is below 1 percent, then the above-noted reasonable*
22 *costs shall not exceed a maximum of 8 percent of the earnings of*
23 *this fund for the subsequent fiscal year, shall not exceed the amount*
24 *appropriated in the annual Budget Act for this function, and shall*
25 *be deducted from the earnings prior to distribution.* The amount
26 of ~~this~~ the deduction shall be credited as reimbursements to the
27 state agencies, including the Treasurer, the Controller, and the
28 Department of Finance, having incurred costs in carrying out the
29 provisions of this section.

30 (m) The Treasurer shall prepare for distribution a monthly report
31 of investments made during the preceding month.

32 (n) As used in this section, "local agency," "local governmental
33 unit," and "local governmental official" includes a campus or other
34 unit and an official, respectively, of the California State University
35 who deposits moneys in funds described in Sections 89721, 89722,
36 and 89725 of the Education Code.

37 *SEC. 40. Section 16731.6 of the Government Code is amended*
38 *to read:*

39 16731.6. (a) Notwithstanding any other provision of this
40 chapter, and as an alternative to the procedures set forth in Section

1 16731, the committee may provide for the issuance of all or part
2 of the bonds authorized to be issued as commercial paper notes.
3 The committee shall adopt a resolution finding that issuance of
4 the bonds in the form of commercial paper notes is necessary and
5 desirable, directing the Treasurer to arrange for preparation of the
6 requisite number of suitable notes, and specifying other provisions
7 relating to the commercial paper notes, including all of the
8 following:

9 (1) For each program of commercial paper notes authorized,
10 the resolution shall contain the final date of maturity and the total
11 aggregate principal amount of the commercial paper notes
12 authorized to be outstanding at any one time up to the maturity
13 date, in accordance with all of the following:

14 (A) The resolution may provide that the commercial paper notes
15 may be issued and renewed from time to time until the final
16 maturity date, and that the amount issued from time to time may
17 be set by the Treasurer up to the maximum amount authorized to
18 be outstanding at any one time.

19 (B) The resolution shall include methods of setting the dates,
20 numbers, and denominations of the commercial paper notes.

21 (C) The determination of the final maturity date and total amount
22 by the committee shall be made upon recommendation of the
23 Treasurer to meet the needs of the state for funds, to provide the
24 maximum benefit to potential purchasers, and to respond to the
25 expected demand for the commercial paper notes.

26 (D) Notwithstanding any other provision of this chapter,
27 whenever the committee determines to issue commercial paper
28 notes, the committee is not required to comply with the
29 requirements of Section 16732.

30 (2) The method of setting the interest rates and interest payment
31 dates applicable to the commercial paper notes, in accordance with
32 the following:

33 (A) Commercial paper notes may bear a stated rate of interest
34 payable only at maturity, which rate or rates may be determined
35 at the time of sale of each unit of commercial paper notes.

36 (B) The rate of interest borne by the commercial paper notes
37 shall not exceed 11 percent per annum.

38 (C) Notwithstanding any other provision of this chapter,
39 whenever the committee determines to issue commercial paper

1 notes, the committee is not required to comply with the
2 requirements of Section 16733.

3 (3) Any provisions for the redemption of the commercial paper
4 notes prior to stated maturity.

5 (4) The technical form and language of the commercial paper
6 notes.

7 (5) All other terms and conditions of the commercial paper notes
8 and of their execution, issuance, and sale, deemed necessary and
9 appropriate by the committee.

10 (b) Notwithstanding any other provision of this chapter, when
11 the committee determines to issue commercial paper notes, all of
12 the following shall apply:

13 (1) The commercial paper notes may be sold at negotiated sale
14 at a price below the par value in a manner consistent with paragraph
15 (2) of subdivision (a).

16 (2) During the term of any program of commercial paper notes,
17 the renewal and reissuance from time to time of the commercial
18 paper notes in an amount up to the maximum amount authorized
19 by the resolution shall be deemed to be a refunding of the
20 previously maturing amount, permitted by and consistent with
21 Article 6 (commencing with Section 16780).

22 (3) Consistent with the intent for the General Fund to realize a
23 savings in debt service costs when commercial paper notes are
24 issued in place of bonds without shifting or adding financing and
25 debt service costs to the bond funds, the state administrative costs
26 of commercial paper and interest payable and other costs associated
27 with commercial paper notes shall be paid for as follows:

28 (A) The proceeds of commercial paper notes are,
29 notwithstanding Section 13340, continuously appropriated to pay
30 the state administrative costs of commercial paper including, but
31 not limited to, costs of the Treasurer's office, the Controller's
32 office, and the Department of Finance.

33 (B) ~~The~~ *An amount necessary to pay the interest payable on*
34 *maturing commercial paper notes and other costs associated with*
35 *commercial paper notes not specified in subparagraph (A);*
36 *including, but not limited to, remarketing fees, issuing and paying*
37 *agent fees, the letter or line of credit provider fees, the rating*
38 *agency fees, and bond counsel fees, shall be paid from the General*
39 *Fund which, notes, up to the maximum rate authorized by law, is,*

1 notwithstanding Section 13340, is continuously appropriated from
2 the General Fund to pay the ~~interests and costs~~ interest.

3 (C) Notwithstanding Section 13340, there is continuously
4 appropriated from the General Fund, an amount necessary to pay
5 the costs associated with commercial paper notes that are not
6 described in subparagraph (A), including, but not limited to, both
7 of the following:

8 (i) Fees, costs, indemnities, and other similar expenses incurred
9 under or in connection with agreements to purchase commercial
10 paper notes, including, but not limited to, letters or lines of credit,
11 not to exceed annually for each agreement 3 percent of the
12 maximum principal amount of commercial paper notes that could
13 be purchased and outstanding at any one time pursuant to an
14 agreement.

15 (ii) All other costs, including, but not limited to, remarketing
16 and dealer fees, issuing and paying agent fees, rating agency fees,
17 and bond counsel fees, in an annual amount not to exceed 0.25
18 percent of the highest sum at any time during that year of the
19 maximum principal amount of commercial paper notes authorized
20 by all resolutions.

21 SEC. 41. Section 17090 of the Government Code is amended
22 to read:

23 17090. Whenever any warrant lawfully drawn by the Controller
24 is lost or destroyed before it is paid by the Treasurer, the owner
25 or custodian may, prior to the time the warrant becomes void,
26 procure the issuance of a ~~duplicate~~ replacement warrant upon
27 compliance with this article.

28 SEC. 42. Section 17091 of the Government Code is amended
29 to read:

30 17091. Application for a ~~duplicate~~ replacement warrant shall
31 be made by filing with the Controller:

32 (a) An affidavit setting forth the fact of its loss or destruction,
33 giving the number, date, amount, and name of the payee, together
34 with all material facts relative to the loss or destruction.

35 (b) An agreement to indemnify and hold harmless the state, its
36 ~~officers~~ officers, and employees, from any loss resulting from the
37 issuance of the ~~duplicate~~ replacement warrant.

38 No indemnity agreement shall be required: (1) when the payee
39 is the United States Government, a state of the United States, any
40 agency, instrumentality or officer of the United States Government

1 or of a state, or any county, city, city and county, town, district,
2 or other political subdivision of a state, or any officer thereof; or
3 (2) when the owner or custodian is the State of California or any
4 agency or officer thereof.

5 The Controller need not require an indemnity agreement if the
6 Controller determines that it is in the best interest of the state and
7 that the state is adequately protected without an agreement.

8 *SEC. 43. Section 17093 of the Government Code is amended*
9 *to read:*

10 17093. If the application is approved, the Controller shall issue
11 and deliver to the applicant, on demand, a ~~duplicate~~ *replacement*
12 warrant for the full amount of the original warrant. When the
13 Controller issues the ~~duplicate~~, *replacement*, he or she shall notify
14 the Treasurer that a ~~duplicate~~ *replacement* warrant has been issued
15 and identify the warrant.

16 *SEC. 44. Section 17094 of the Government Code is amended*
17 *to read:*

18 17094. The Controller shall make the proper entries on his
19 books, showing the lost or destroyed warrants, and the issuance
20 of ~~duplicate~~ *replacement* warrants in lieu thereof.

21 *SEC. 45. Section 17095 of the Government Code is amended*
22 *to read:*

23 17095. The Treasurer shall pay ~~such a duplicate~~ *a replacement*
24 warrant as though it were the original.

25 *SEC. 46. Section 17096 of the Government Code is amended*
26 *to read:*

27 17096. A ~~duplicate~~ *replacement* warrant is void if not presented
28 to the Treasurer for payment within the same time limit provided
29 by law for the original warrant.

30 *SEC. 47. Section 17097 of the Government Code is amended*
31 *to read:*

32 17097. Any loss incurred in connection with the issuance of a
33 ~~duplicate~~ *replacement* warrant shall be charged against the account
34 from which the payment was derived.

35 *SEC. 48. Section 17617 of the Government Code is amended*
36 *to read:*

37 17617. The total amount due to each city, county, city and
38 county, and special district, for which the state has determined that
39 reimbursement is required under paragraph (2) of subdivision (b)
40 of Section 6 of Article XIII B of the California Constitution, shall

1 be appropriated for payment to these entities over a period of not
2 more than 15 years, commencing with the Budget Act for the
3 2006–07 fiscal year and concluding with the Budget Act for the
4 2020–21 fiscal year. There shall be no appropriation for payment
5 of reimbursement claims submitted pursuant to this section for the
6 ~~2012–13, 2013–14, and 2014–15~~ 2012–13 and 2013–14 fiscal
7 years.

8 *SEC. 49. Section 20035.11 is added to the Government Code,*
9 *immediately following Section 20035.10, to read:*

10 20035.11. (a) *For purposes of this section, “pay letter” means*
11 *the set of instructions issued by the Department of Human*
12 *Resources to the Controller and other state agencies of approved*
13 *changes to civil service pay scales that affect a supervisor or*
14 *manager of State Bargaining Unit 9 or State Bargaining Unit 10*
15 *whose monthly salary is increased effective July 1, 2014, pursuant*
16 *to this pay letter.*

17 (b) *A supervisor or manager of State Bargaining Unit 9 or State*
18 *Bargaining Unit 10 to whom the pay letter applies and who retires*
19 *or dies on or after July 1, 2014, shall, for purposes of determining*
20 *any pension or benefit, have his or her final compensation pursuant*
21 *to Section 7522.32, 20035, 20035.9, 20035.10, 20037, 20037.11,*
22 *or 20037.15, modified as described in this section. Any salary*
23 *increase as provided in the pay letter that exceeds 5 percent shall*
24 *not be included in final pensionable compensation or compensation*
25 *earnable for the member, except as follows:*

26 (1) *For July 1, 2014, to June 30, 2015, inclusive, only that*
27 *portion of the salary increase representing up to 33 $\frac{1}{3}$ percent of*
28 *the excess salary increase identified in the pay letter shall be*
29 *recognized for purposes of determining his or her compensation*
30 *earnable or pensionable compensation during the fiscal year*
31 *period.*

32 (2) *For July 1, 2015, to June 30, 2016, inclusive, only that*
33 *portion of the salary increase representing up to 66 $\frac{2}{3}$ percent of*
34 *the excess salary increase identified in the pay letter shall be*
35 *recognized for purposes of determining his or her compensation*
36 *earnable or pensionable compensation during the fiscal year*
37 *period.*

38 (3) *On and after July 1, 2016, the entire pay increase identified*
39 *in the pay letter shall be recognized for purposes of determining*

1 *his or her compensation earnable or pensionable compensation*
2 *for service performed on or after that date.*

3 *(c) A supervisor or manager of State Bargaining Unit 9 or State*
4 *Bargaining Unit 10 shall pay employee retirement contributions*
5 *on the full amount of the salary increase provided pursuant to the*
6 *pay letter. A member that has his or her final compensation*
7 *modified pursuant to subdivision (b) shall not be eligible for any*
8 *refund of his or her employee retirement contributions associated*
9 *with that salary increase unless he or she elects a full refund of*
10 *his or her retirement contributions and ceases to be a member of*
11 *the system.*

12 *(d) The increased costs, if any, that result from the*
13 *administration of this section shall be paid by the employer.*

14 *(e) The Department of Human Resources shall identify the job*
15 *classifications receiving salary increases in the pay letter. The*
16 *Department of Human Resources and any department that employs*
17 *the affected managers and supervisors shall provide the system*
18 *and the Controller, upon request, any information necessary to*
19 *implement this section. The Controller shall provide the system,*
20 *upon request, any information necessary to implement this section.*

21 *SEC. 50. Section 22802 of the Government Code is amended*
22 *to read:*

23 22802. (a) An annuitant whose retirement allowance is not
24 sufficient to pay his or her required contribution for the health
25 benefit plan in which he or she is enrolled may only remain
26 enrolled if the annuitant pays to the board the balance of the
27 contributions plus the related administrative costs, as determined
28 by the board.

29 (b) (1) The annuitant shall pay the complementary annuitant
30 premium by remitting to the board quarterly payments in advance,
31 or by alternative monthly payment as determined by the board.

32 (2) The board may charge each annuitant who elects to pay the
33 complementary annuitant premium an initial setup charge and a
34 monthly maintenance charge, in amounts sufficient to ensure the
35 ongoing support of the complementary annuitant premium program.

36 (3) If payments are not received by the 10th of the month for
37 the following month, coverage shall be terminated and may not
38 be resumed until the next open enrollment period.

39 (c) Upon receipt of a written application, the benefits provided
40 by this section shall commence on the first day of the month

1 following receipt of the application and the payment required by
2 the board.

3 (d) The board has no duty to identify, locate, or notify any
4 annuitant who may be eligible for the benefit provided by this
5 section.

6 (e) Any complementary annuitant premium or any balance of
7 unpaid health benefit plan premiums that accrues and remains
8 unpaid at the time of the death of an annuitant shall be paid in
9 accordance with the sequence prescribed in Section 21506.

10 (f) All moneys received pursuant to this section shall be
11 deposited in the Public Employees' Contingency Reserve Fund in
12 the account provided by subdivision ~~(e)~~ (f) of Section 22910.

13 *SEC. 51. Section 22910 of the Government Code is amended*
14 *to read:*

15 22910. (a) There shall be maintained in the State Treasury the
16 Public Employees' Contingency Reserve Fund. The board may
17 invest funds in the Public Employees' Contingency Reserve Fund
18 in accordance with the provisions of law governing its investment
19 of the retirement fund.

20 (b) (1) An account shall be maintained within the Public
21 Employees' Contingency Reserve Fund with respect to the health
22 benefit plans the board has approved or that have entered into a
23 contract with the board. The account shall be credited, from time
24 to time and in amounts as determined by the board, with moneys
25 contributed under Section 22885 or 22901 to provide an adequate
26 contingency reserve. The income derived from any dividends, rate
27 adjustments, or other funds received from a health benefit plan
28 shall be credited to the account. The board may deposit, in the
29 same manner as provided in paragraph (4), up to one-half of 1
30 percent of premiums in the account for purposes of cost
31 containment programs, subject to approval as provided in paragraph
32 (2) of subdivision (c).

33 (2) The account for health benefit plans may be utilized to defray
34 increases in future rates, to reduce the contributions of employees
35 and annuitants and employers, to implement cost containment
36 programs, or to increase the benefits provided by a health benefit
37 plan, as determined by the board. The board may use penalties and
38 interest deposited pursuant to subdivision (c) of Section 22899 to
39 pay any difference between the adjusted rate set by the board

1 pursuant to Section 22864 and the applicable health benefit plan
2 contract rates.

3 (3) The total credited to the account for health benefit plans at
4 any time shall be limited, in the manner and to the extent the board
5 may find to be most practical, to a maximum of 10 percent of the
6 total of the contributions of the employers and employees and
7 annuitants in any fiscal year. The board may undertake any action
8 to ensure that the maximum amount prescribed for the fund is
9 approximately maintained.

10 (4) Board rules and regulations adopted pursuant to Section
11 22831 to minimize the impact of adverse selection or contracts
12 entered into pursuant to Section 22864 to implement health benefit
13 plan performance incentives may provide for deposit in and
14 disbursement to carriers or to Medicare from the account the
15 portion of the contributions otherwise payable directly to the
16 carriers by the Controller under Section 22913 as may be required
17 for that purpose. The deposits shall not be included in applying
18 the limitations, prescribed in paragraph (3), on total amounts that
19 may be deposited in or credited to the fund.

20 (5) Notwithstanding Section 13340, all moneys in the account
21 for health benefit plans are continuously appropriated without
22 regard to fiscal year for the purposes provided in this subdivision.

23 (c) (1) An account shall also be maintained in the Public
24 Employees' Contingency Reserve Fund for administrative expenses
25 consisting of funds deposited for this purpose pursuant to Sections
26 22885 and 22901.

27 (2) The moneys deposited pursuant to Sections 22885 and 22901
28 in the Public Employees' Contingency Reserve Fund may be
29 expended by the board for administrative purposes, provided that
30 the expenditure is approved by the Department of Finance and the
31 Joint Legislative Budget Committee in the manner provided in the
32 Budget Act for obtaining authorization to expend at rates requiring
33 a deficiency appropriation, regardless of whether the expenses
34 were anticipated.

35 (d) *An account shall be maintained in the Public Employees'*
36 *Contingency Reserve Fund for the contributions required pursuant*
37 *to Section 22870. Notwithstanding Section 13340, the funds are*
38 *continuously appropriated, without regard to fiscal year, for the*
39 *payment of premiums or other charges to carriers or the Public*
40 *Employees' Health Care Fund. This subdivision shall not apply*

1 *to state administrative costs, which shall continue to be subject to*
2 *Section 13340.*

3 ~~(d)~~

4 (e) An account shall be maintained in the Public Employees'
5 Contingency Reserve Fund for ~~health plan premiums paid by~~
6 ~~contracting agencies, including~~ *the contributions required pursuant*
7 *to Section 22890 and for* payments made pursuant to subdivision
8 (f) of Section 22850. Notwithstanding Section 13340, the funds
9 are continuously appropriated, without regard to fiscal year, for
10 the payment of premiums or other charges to carriers or the Public
11 Employees' Health Care Fund. Penalties and interest paid pursuant
12 to subdivision (c) of Section 22899 shall be deposited in the
13 account pursuant to paragraphs (1) and (2) of subdivision (b).

14 ~~(e)~~

15 (f) Accounts shall be maintained in the Public Employees'
16 Contingency Reserve Fund for complementary annuitant premiums
17 and related administrative expenses paid by annuitants pursuant
18 to Section 22802. Notwithstanding Section 13340, the funds are
19 continuously appropriated, without regard to fiscal year, to
20 reimburse the Public Employees' Retirement Fund, the Judges'
21 Retirement Fund, the Judges' Retirement Fund II, and the
22 Legislators' Retirement Fund, as applicable, for payment of
23 annuitant health premiums, and for the payment of premiums and
24 other charges to carriers or to the Public Employees' Health Care
25 Fund. Administrative expenses deposited in this account shall be
26 credited to the account provided by subdivision (c).

27 ~~(f)~~

28 (g) Amounts received by the board for retiree drug subsidy
29 payments that are attributed to contracting agencies and their
30 annuitants and employees pursuant to subdivision (c) of Section
31 22910.5 shall be deposited in the Public Employees' Contingency
32 Reserve Fund. Notwithstanding Section 13340, these amounts are
33 continuously appropriated, without regard to fiscal year, for the
34 payment of premiums, costs, contributions, or other benefits related
35 to contracting agencies and their employees and annuitants, and
36 as consistent with the Medicare Prescription Drug Improvement
37 and Modernization Act, as amended.

38 ~~(g)~~

39 (h) The Account for Retiree Drug Subsidy Payments is hereby
40 established in the Public Employees' Contingency Reserve Fund

1 and funds in that account shall, upon appropriation by the
2 Legislature, be used for the purposes described in Section 22910.5.

3 ~~(h)~~

4 (i) Notwithstanding any other law, the Controller may use the
5 moneys in the Public Employees’ Contingency Reserve Fund for
6 loans to the General Fund as provided in Sections 16310 and
7 16381. However, interest shall be paid on all moneys loaned to
8 the General Fund from the Public Employees’ Contingency Reserve
9 Fund. Interest payable shall be computed at a rate determined by
10 the Pooled Money Investment Board to be the current earning rate
11 of the fund from which loaned. This subdivision does not authorize
12 any transfer that will interfere with the carrying out of the object
13 for which the Public Employees’ Contingency Reserve Fund was
14 created.

15 *SEC. 52. Section 22910.5 of the Government Code is amended*
16 *to read:*

17 22910.5. (a) For purposes of this section, the following
18 definitions shall apply:

19 (1) “Local annuitant” means an annuitant other than a state
20 annuitant.

21 (2) “Local employee” means an employee other than a state
22 employee.

23 (3) “Retiree drug subsidy” means those amounts described in
24 Section 423.886 of Title 42 of the Code of Federal Regulations.

25 (4) “State annuitant” means an annuitant who is retired from
26 service with the state, including the California State University.

27 (5) “State employee” means an employee who is in the
28 employment of the state, including the California State University.

29 (b) For purposes of applying for and receiving funds as part of
30 a retiree drug subsidy, the board is designated as the sponsor of a
31 qualified retiree prescription drug plan for a state or contracting
32 agency plan, or a related plan, or an individual if both of the
33 following apply:

34 (1) The system applies for a retiree drug subsidy related to the
35 plan or individual.

36 (2) The system meets the definition of a plan sponsor as
37 described in Section 1395w-132(c) of Title 42 of the United States
38 Code.

39 (c) When the board performs the duties described in subdivision
40 (b) related to, or applies for funds attributable to, a retiree drug

1 subsidy for a contracting agency plan, local annuitant, or local
2 employee, the board shall take all necessary steps to ensure that
3 any funds received by the board shall be deposited in the Public
4 Employees' Contingency Reserve Fund as described in subdivision
5 ~~(f)~~ (g) of Section 22910.

6 (d) When the board performs the duties described in subdivision
7 (b) related to, or applies for funds attributable to, a retiree drug
8 subsidy for a state plan, state annuitant, state employee, or state
9 employee association health benefit plan, the board shall take all
10 necessary steps to deposit these funds in the Account for Retiree
11 Drug Subsidy Payments as described in subdivision ~~(g)~~ (h) of
12 Section 22910.

13 (e) Notwithstanding any other law, all funds received by the
14 board as a result of a retiree drug subsidy application attributable
15 to a state employee or state annuitant, or the eligible dependent,
16 beneficiary, or similarly situated person of that state employee or
17 state annuitant, shall be deposited in the Account for Retiree Drug
18 Subsidy Payments, as described in subdivision ~~(g)~~ (h) of Section
19 22910.

20 (f) Notwithstanding any other law, funds from the Account for
21 Retiree Drug Subsidy Payments that is maintained in the Public
22 Employees' Contingency Reserve Fund shall be appropriated by
23 the Legislature in the annual Budget Act for the purposes described
24 in this section. The Legislature shall, in the annual Budget Act,
25 specify how these funds are to be used, consistent with the federal
26 Medicare Prescription Drug Improvement and Modernization Act,
27 as amended, including the following purposes:

28 (1) Reducing the contributions by the state from the General
29 Fund or other funds in the State Treasury for health benefits that
30 include prescription drug benefits for state annuitants.

31 (2) Reducing contributions by state annuitants for their health
32 benefits that include prescription drug benefits.

33 (3) Defraying increases in future employer or state annuitant
34 health benefit or prescription drug rates.

35 (4) Implementing cost containment programs related to state
36 annuitant health benefits that include prescription drug benefits.

37 (5) Increasing state annuitant health benefits or prescription
38 drug benefits.

39 *SEC. 53. Section 22913 of the Government Code is amended*
40 *to read:*

1 ~~22913. (a) Contributions of employees, annuitants, and~~
2 ~~employers not credited to the Public Employees' Contingency~~
3 ~~Reserve Fund for purposes specified in Section 22885 or 22901~~
4 ~~shall be utilized to pay the premiums or other charges to carriers~~
5 ~~or to the Public Employees' Health Care Fund.~~

6 ~~(b)~~

7 ~~22913. (a) The Controller shall suitably identify and remit the~~
8 ~~state's contribution for each employee or annuitant monthly to the~~
9 ~~Public Employees' Health Care Fund or to the carriers,~~
10 ~~Contingency Reserve Fund, together with amounts authorized by~~
11 ~~the employees and annuitants to be deducted from their salaries~~
12 ~~or retirement allowances for payment of the employee contribution.~~

13 ~~(e)~~

14 ~~(b) The contributions of employees and annuitants of contracting~~
15 ~~agencies and the contributions of contracting agency employers~~
16 ~~shall be suitably identified and remitted monthly to the carriers~~
17 ~~Public Employees' Contingency Reserve Fund by warrant of the~~
18 ~~Controller upon claims filed by the board.~~

19 ~~SEC. 54. Section 26915 of the Government Code is repealed.~~

20 ~~26915. (a) Any requirement that an audit be performed by the~~
21 ~~county auditor may, at the election of the board of supervisors,~~
22 ~~also be performed by a county employee or officer who meets both~~
23 ~~of the following qualifications:~~

24 ~~(1) The person possesses a valid certificate issued by the~~
25 ~~California Board of Accountancy and a permit authorizing the~~
26 ~~person to practice as a certified public accountant or as a public~~
27 ~~accountant.~~

28 ~~(2) The employee or officer is independent in accordance with~~
29 ~~Rule 101 of the American Institute of Certified Public Accountants'~~
30 ~~Code of Professional Conduct.~~

31 ~~(b) The election made by the board of supervisors pursuant to~~
32 ~~subdivision (a) may be in effect for no more than two years after~~
33 ~~the date that the vote is taken by the board, but the election may~~
34 ~~be renewed upon expiration.~~

35 ~~(e) This section shall only be applicable in the County of Orange.~~

36 ~~(d) Nothing in this section is intended to preclude a county~~
37 ~~auditor from performing his or her statutorily prescribed duties.~~

38 ~~SEC. 55. Section 50661 of the Health and Safety Code is~~
39 ~~amended to read:~~

1 50661. (a) There is hereby created in the State Treasury the
2 Housing Rehabilitation Loan Fund. All interest or other increments
3 resulting from the investment of moneys in the Housing
4 Rehabilitation Loan Fund shall be deposited in the fund,
5 notwithstanding Section 16305.7 of the Government Code.
6 Notwithstanding Section 13340 of the Government Code, all
7 money in the fund is continuously appropriated to the department
8 for the following purposes:

9 (1) For making deferred-payment rehabilitation loans for
10 financing all or a portion of the cost of rehabilitating existing
11 housing to meet rehabilitation standards as provided in this chapter.

12 (2) For making deferred payment loans as provided in Sections
13 50668.5, 50669, and 50670.

14 (3) For making deferred payment loans pursuant to Sections
15 50662.5 and 50671.

16 (4) Subject to the restrictions of Section 53131, if applicable,
17 for administrative expenses of the department made pursuant to
18 this chapter, Article 3 (commencing with Section 50693) of Chapter
19 7.5, and Chapter 10 (commencing with Section 50775).

20 (5) For related administrative costs of nonprofit corporations
21 and local public entities contracting with the department pursuant
22 to Section 50663 in an amount, if any, as determined by the
23 department, to enable the entities and corporations to implement
24 a program pursuant to this chapter. The department shall ensure
25 that not less than 20 percent of the funds loaned pursuant to this
26 chapter shall be allocated to rural areas. For purposes of this chapter
27 “rural area” shall have the same meaning as in Section 50199.21.

28 (b) There shall be paid into the fund the following:

29 (1) Any moneys appropriated and made available by the
30 Legislature for purposes of the fund.

31 (2) Any moneys that the department receives in repayment of
32 loans made from the fund, including any interest thereon.

33 (3) Any other moneys that may be made available to the
34 department for the purposes of this chapter from any other source
35 or sources.

36 (4) Moneys transferred or deposited to the fund pursuant to
37 Sections 50661.5 and 50778.

38 (c) Notwithstanding any other provision of law, any interest or
39 other increment earned by the investment or deposit of moneys
40 appropriated by subdivision (b) of Section 3 of Chapter 2 of the

1 Statutes of the 1987–88 First Extraordinary Session, or Section 7
2 of Chapter 4 of the Statutes of the 1987–88 First Extraordinary
3 Session, shall be deposited in a special account in the Housing
4 Rehabilitation Loan Fund and shall be used exclusively for
5 purposes of Sections 50662.5 and 50671.

6 (d) Notwithstanding any other provision of law, effective with
7 the date of the act adding this subdivision, appropriations
8 authorized by the Budget Act of 1996 for support of the
9 Department of Housing and Community Development from the
10 California Disaster Housing Repair Fund and the California
11 Homeownership Assistance Fund shall instead be authorized for
12 expenditure from the Housing Rehabilitation Loan Fund.

13 (e) *Effective July 1, 2014, the California Housing Trust Fund*
14 *in the State Treasury is abolished and any remaining balance,*
15 *assets, liabilities, and encumbrances shall be transferred to, and*
16 *become part of, the Housing Rehabilitation Loan Fund.*
17 *Notwithstanding Section 13340 of the Government Code, all*
18 *transferred amounts are continuously appropriated to the*
19 *department for the purpose of satisfying any liabilities and*
20 *encumbrances and the purposes specified in this section.*

21 *SEC. 56. Section 50840 of the Health and Safety Code is*
22 *repealed.*

23 ~~50840. (a) The Legislature hereby finds and declares all of~~
24 ~~the following:~~

25 ~~(1) California is experiencing a severe housing shortage that~~
26 ~~compounds itself further each year. While it is estimated that~~
27 ~~250,000 new homes are needed each year to keep up with demand,~~
28 ~~only 140,000 building permits for new residential housing were~~
29 ~~issued in 1999. Moreover, the average number of residential~~
30 ~~building permits issued over the last seven years is only 105,000~~
31 ~~new units per year.~~

32 ~~(2) The shortage in housing supply has led to skyrocketing~~
33 ~~home sale and rental prices, which have made housing unaffordable~~
34 ~~to many Californians. Seven of the nation's 10 least affordable~~
35 ~~metropolitan areas for housing are in California. More than 35~~
36 ~~percent of renter households experience an extreme housing cost~~
37 ~~burden, which has been defined as paying more than 50 percent~~
38 ~~of their income for housing.~~

1 ~~(3) Long-term strategies are needed to address this ongoing~~
2 ~~deficit in new home production and to meet the state's housing~~
3 ~~needs.~~

4 ~~(4) In addition to helping meet the immediate need for housing,~~
5 ~~the state will always have a role to play in assisting in the provision~~
6 ~~of housing for families unable to afford market-rate rents.~~

7 ~~(5) A permanent source of financing is needed to fulfill this~~
8 ~~ongoing need for state housing assistance.~~

9 ~~(6) A housing trust fund would provide a permanent source of~~
10 ~~financing to be used solely to fund housing programs that serve~~
11 ~~low- and very low income households.~~

12 ~~(b) (1) It is the intent of the Legislature that the principal in~~
13 ~~the California Housing Trust Fund shall not be spent, but rather~~
14 ~~invested as an endowment, and that the return on this investment~~
15 ~~be used to fund programs that meet the housing needs of lower~~
16 ~~and very low income households.~~

17 ~~(2) It is the intent of the Legislature to make a significant~~
18 ~~appropriation to the California Housing Trust Fund in the 2001-02~~
19 ~~fiscal year to ensure that there are sufficient ongoing resources to~~
20 ~~provide for the housing needs of lower income households.~~

21 *SEC. 57. Section 50841 of the Health and Safety Code is*
22 *repealed.*

23 ~~50841. (a) There is hereby created in the State Treasury the~~
24 ~~California Housing Trust Fund. Notwithstanding Section 13340~~
25 ~~of the Government Code, all money in the fund is continuously~~
26 ~~appropriated for the purposes of investment in a manner calculated~~
27 ~~to deliver the greatest rate of return consistent with the~~
28 ~~requirements of Section 16430 of the Government Code.~~

29 ~~(b) All interest or other increment resulting from investment~~
30 ~~or deposit of moneys in the fund shall be deposited in the fund,~~
31 ~~notwithstanding Section 16305.7 of the Government Code. Except~~
32 ~~as provided in Section 50842, no money in the fund shall be spent,~~
33 ~~loaned, transferred, or otherwise removed from the fund.~~

34 *SEC. 58. Section 50842 of the Health and Safety Code is*
35 *repealed.*

36 ~~50842. (a) All interest or other increment resulting from any~~
37 ~~investment of money in the California Housing Trust Fund may~~
38 ~~only be expended, upon appropriation by the Legislature, after~~
39 ~~allocation to the Treasurer of an amount not to exceed one-half of~~
40 ~~1 percent of any interest and other increment to cover the actual~~

1 cost of administering those investments, for housing programs or
2 those portions of housing programs authorized by law that serve
3 lower and very low income households, as defined in Sections
4 50079.5 and 50105, respectively.

5 (b) ~~Not less than 20 percent of any interest or other increment~~
6 ~~appropriated by the Legislature in any fiscal year from the~~
7 ~~California Housing Trust Fund shall be expended in rural areas,~~
8 ~~as defined by Section 50199.21.~~

9 (c) ~~Any interest or other increment not appropriated by the~~
10 ~~Legislature for the purpose described in subdivision (a) in the fiscal~~
11 ~~year succeeding its accrual shall be deposited in the California~~
12 ~~Housing Trust Fund and shall no longer be deemed interest or~~
13 ~~other increment for the purposes of this section.~~

14 *SEC. 59. Section 51452 of the Health and Safety Code is*
15 *amended to read:*

16 51452. (a) The School Facilities Fee Assistance Fund is hereby
17 established in the State Treasury and, notwithstanding Section
18 13340 of the Government Code, all money in the fund is
19 continuously appropriated to the Department of General Services
20 for the purposes of this chapter. All repayments of disbursed funds
21 pursuant to this chapter or any interest earned from the investment
22 in the Surplus Money Investment Fund or any other moneys
23 accruing to the fund from whatever source shall be returned to the
24 fund and are available for allocation by the California Housing
25 Finance Agency to programs established pursuant to this chapter.

26 (b) The following amounts are hereby appropriated from the
27 General Fund to the School Facilities Fee Assistance Fund for
28 administrative costs and to make payments to purchasers of newly
29 constructed residential structures and housing sponsors of housing
30 developments pursuant to this chapter from that fund by fiscal year
31 as follows:

32 (1) Twenty million dollars (\$20,000,000) in the 1998–99 fiscal
33 year.

34 (2) Forty million dollars (\$40,000,000) in the 1999–2000 fiscal
35 year.

36 (3) Forty million dollars (\$40,000,000) in the 2000–01 fiscal
37 year.

38 (4) Forty million dollars (\$40,000,000) in the 2001–02 fiscal
39 year.

1 (c) The funds shall be distributed to each program in proportion
2 to the original total amounts available for each program as follows:

3 (1) Twenty-eight million dollars (\$28,000,000) shall be
4 available for the program set forth in paragraph (1) of subdivision
5 (a) of Section 51451, except that any funds not expended within
6 18 months of their appropriation and availability may also be
7 available for programs set forth in paragraphs (2) and (3) of
8 subdivision (a) of Section 51451.

9 (2) Twenty-eight million dollars (\$28,000,000) shall be
10 available for the program set forth in paragraph (2) of subdivision
11 (a) of Section 51451, except that any funds not expended within
12 18 months of their appropriation and availability may also be
13 available for the program set forth in paragraph (3) of subdivision
14 (a) of Section 51451.

15 (3) Fifty-two million dollars (\$52,000,000) shall be available
16 for the program set forth in paragraph (3) of subdivision (a) of
17 Section 51451.

18 (4) Fifty-two million dollars (\$52,000,000) shall be available
19 for the program set forth in subdivision (b) of Section 51451.

20 (d) Reservations received on or after January 1, 2002, for
21 participation in the programs authorized by Section 51451 shall
22 not be honored by the California Housing Finance Agency. As of
23 that date, any unobligated amounts remaining in the School
24 Facilities Fee Assistance Fund after the transfer made pursuant to
25 Item 1760-115-0101 of Section 2.00 of the Budget Act of 2001
26 (Chapter 106 of the Statutes of 2001) shall be transferred to the
27 General Fund.

28 ~~(e) Any right to receive repayments of assistance provided for~~
29 ~~by Section 51451 shall be an asset of the School Facilities Fee~~
30 ~~Assistance Fund. Any assistance provided for by Section 51451~~
31 ~~that is reserved but not ultimately paid, or is repaid to the California~~
32 ~~Housing Finance Agency, shall be remitted to the Department of~~
33 ~~General Services for deposit into the General Fund.~~

34 *(e) Effective July 1, 2014, the School Facilities Fee Assistance*
35 *Fund in the State Treasury is abolished and any remaining balance,*
36 *assets, liabilities, and encumbrances in the fund as of July 1,*
37 *2014, are transferred to the Housing Rehabilitation Loan Fund.*
38 *Notwithstanding Section 13340 of the Government Code, all*
39 *transferred amounts are continuously appropriated to the*

1 *department for the purpose of satisfying any liabilities and*
2 *encumbrances and the purposes specified in this section.*

3 *SEC. 60. Section 53545 of the Health and Safety Code is*
4 *amended to read:*

5 53545. The Housing and Emergency Shelter Trust Fund of
6 2006 is hereby created in the State Treasury. The Legislature
7 intends that the proceeds of bonds deposited in the fund shall be
8 used to fund the housing-related programs described in this chapter
9 over the course of the next decade. The proceeds of bonds issued
10 and sold pursuant to this part for the purposes specified in this
11 chapter shall be allocated in the following manner:

12 (a) (1) One billion five hundred million dollars (\$1,500,000,000)
13 to be deposited in the Affordable Housing Account, which is
14 hereby created in the fund. Notwithstanding Section 13340 of the
15 Government Code, the money in the account shall be continuously
16 appropriated in accordance with the following schedule:

17 (A) (i) Three hundred forty-five million dollars (\$345,000,000)
18 shall be transferred to the Housing Rehabilitation Loan Fund to
19 be expended for the Multifamily Housing Program authorized by
20 Chapter 6.7 (commencing with Section 50675) of Part 2. The
21 priorities specified in Section 50675.13 shall apply to the
22 expenditure of funds pursuant to this clause.

23 (ii) Fifty million dollars (\$50,000,000) shall be transferred to
24 the Housing Rehabilitation Loan Fund to be expended under the
25 Multifamily Housing Program authorized by Chapter 6.7
26 (commencing with Section 50675) of Part 2 for housing meeting
27 the definitions in paragraphs (2) and (3) of subdivision (e) of
28 Section 11139.3 of the Government Code. The department may
29 provide higher per-unit loan limits as necessary to achieve
30 affordable housing costs to the target population. Any funds not
31 encumbered for the purposes of this clause by July 31, 2011, shall
32 revert for general use in the Multifamily Housing Program unless
33 the department determines that funds should revert sooner due to
34 diminished demand.

35 (B) One hundred ninety-five million dollars (\$195,000,000)
36 shall be transferred to the Housing Rehabilitation Loan Fund to
37 be expended for the Multifamily Housing Program authorized by
38 Chapter 6.7 (commencing with Section 50675) of Part 2, to be
39 used for supportive housing for individuals and households moving
40 from emergency shelters or transitional housing or those at risk of

1 homelessness. The Department of Housing and Community
2 Development shall provide for higher per-unit loan limits as
3 reasonably necessary to achieve housing costs affordable to those
4 individuals and households. For purposes of this subparagraph,
5 “supportive housing” means housing with no limit on length of
6 stay, that is occupied by the target population, as defined in
7 subdivision (d) of Section 53260, and that is linked to onsite or
8 offsite services that assist the tenant to retain the housing, improve
9 his or her health status, maximize his or her ability to live, and,
10 when possible, work in the community. The criteria for selecting
11 projects shall give priority to:

12 (i) Supportive housing for people with disabilities who would
13 otherwise be at high risk of homelessness where the applications
14 represent collaboration with programs that meet the needs of the
15 person’s disabilities.

16 (ii) Projects that demonstrate funding commitments from local
17 governments for operating subsidies or services funding, or both,
18 for five years or longer.

19 (C) One hundred thirty-five million dollars (\$135,000,000) shall
20 be transferred to the fund created by subdivision (b) of Section
21 50517.5 to be expended for the programs authorized by Chapter
22 3.2 (commencing with Section 50517.5) of Part 2. *The Department*
23 *of Housing and Community Development shall be deemed an*
24 *eligible recipient for the purposes of reconstructing and*
25 *rehabilitating migrant centers operated through the Office of*
26 *Migrant Services pursuant to Chapter 8.5 (commencing with*
27 *Section 50710) of Part 2 that are in need of significant repairs or*
28 *rehabilitation to ensure the health and safety of residents, and*
29 *shall not be subject to any of the recipient requirements of Chapter*
30 *3.2 (commencing with Section 50517.5) of Part 2. To the extent*
31 *no other funding sources are available, the department may directly*
32 *expend up to eleven million dollars (\$11,000,000) for purposes of*
33 *reconstructing and rehabilitating migrant centers.*

34 (D) Three hundred million dollars (\$300,000,000) shall be
35 transferred to the Self-Help Housing Fund created by Section
36 50697.1. These funds shall be available to the Department of
37 Housing and Community Development, to be expended for the
38 purposes of enabling households to become or remain homeowners
39 pursuant to the CalHome Program authorized by Chapter 6
40 (commencing with Section 50650) of Part 2, except ten million

1 dollars (\$10,000,000) shall be expended for construction
2 management under the California Self-Help Housing Program
3 pursuant to subdivision (b) of Section 50696.

4 (E) Two hundred million dollars (\$200,000,000) shall be
5 transferred to the Self-Help Housing Fund created by Section
6 50697.1. These funds shall be available to the California Housing
7 Finance Agency, to be expended for the purposes of the California
8 Homebuyer's Downpayment Assistance Program authorized by
9 Chapter 11 (commencing with Section 51500) of Part 3. Up to one
10 hundred million dollars (\$100,000,000) of these funds may be
11 expended pursuant to subdivision (b) of Section 51504.

12 (F) One hundred million dollars (\$100,000,000) shall be
13 transferred to the Affordable Housing Innovation Fund, which is
14 hereby created in the State Treasury, to be administered by the
15 Department of Housing and Community Development. Funds shall
16 be expended for competitive grants or loans to sponsoring entities
17 that develop, own, lend, or invest in affordable housing and used
18 to create pilot programs to demonstrate innovative, cost-saving
19 approaches to creating or preserving affordable housing. Specific
20 criteria establishing eligibility for and use of the funds shall be
21 established in statute as approved by a $\frac{2}{3}$ vote of each house of
22 the Legislature. Any funds not encumbered for the purposes set
23 forth in this subparagraph within 30 months of availability shall
24 revert to the Self-Help Housing Fund created by Section 50697.1
25 and shall be available for the purposes described in subparagraph
26 (D).

27 (G) One hundred twenty-five million dollars (\$125,000,000)
28 shall be transferred to the Building Equity and Growth in
29 Neighborhoods Fund to be used for the Building Equity and
30 Growth in Neighborhoods (BEGIN) Program pursuant to Chapter
31 14.5 (commencing with Section 50860) of Part 1. Any funds not
32 encumbered for the purposes set forth in this subparagraph by
33 November 17, 2011, shall revert for general use in the CalHome
34 Program unless the department determines that funds should revert
35 sooner due to diminished demand.

36 (H) Fifty million dollars (\$50,000,000) shall be transferred to
37 the Emergency Housing and Assistance Fund for both of the
38 following purposes:

39 (i) Distribution of capital development grants under the
40 Emergency Housing and Assistance Program authorized by Chapter

1 11.5 (commencing with Section 50800) of Part 2 of Division 31.
2 The funds shall be administered by the Department of Housing
3 and Community Development in a manner consistent with the
4 restrictions and authorizations contained in Provision 3 of Item
5 2240-105-0001 of the Budget Act of 2000, except that any
6 appropriations in that item shall not apply. The competitive system
7 used by the department shall incorporate priorities set by the
8 designated local boards and their input as to the relative merits of
9 submitted applications from within the designated local board's
10 county in relation to those priorities. In addition, the funding
11 limitations contained in this section shall not apply to the
12 appropriation in that budget item.

13 (ii) The availability of funds for supportive housing purposes
14 specified in subparagraph (B).

15 (2) The Legislature may, from time to time, amend the
16 provisions of law related to programs to which funds are, or have
17 been, allocated pursuant to this subdivision for the purpose of
18 improving the efficiency and effectiveness of the program, or for
19 the purpose of furthering the goals of the program.

20 (3) With the revenues from bond proceeds issued and sold
21 pursuant to this part, the Bureau of State Audits shall conduct
22 periodic audits to ensure that bond proceeds are awarded in a timely
23 fashion and in a manner consistent with the requirements of this
24 section, and that awardees of bond proceeds are using funds in
25 compliance with applicable provisions of this section. The first
26 audit shall be conducted no later than one year from voter approval
27 of this part.

28 (4) In its annual report to the Legislature, the Department of
29 Housing and Community Development shall report how funds that
30 were made available pursuant to this subdivision and allocated in
31 the prior year were expended. The department shall make the report
32 available to the public on its Internet Web site.

33 (b) Eight hundred fifty million dollars (\$850,000,000) shall be
34 deposited in the Regional Planning, Housing, and Infill Incentive
35 Account, which is hereby created in the fund. Funds in the account
36 shall be available, upon appropriation by the Legislature, and
37 subject to such other conditions and criteria as the Legislature may
38 provide in statute, for the following purposes:

1 (1) For infill incentive grants for capital outlay related to infill
2 housing development and other related infill development,
3 including, but not limited to, all of the following:

4 (A) No more than two hundred million dollars (\$200,000,000)
5 for park creation, development, or rehabilitation to encourage infill
6 development.

7 (B) Water, sewer, or other public infrastructure costs associated
8 with infill development.

9 (C) Transportation improvements related to infill development
10 projects.

11 (D) Traffic mitigation.

12 (2) For brownfield cleanup that promotes infill housing
13 development and other related infill development consistent with
14 regional and local plans.

15 (c) Three hundred million dollars (\$300,000,000) to be deposited
16 in the Transit-Oriented Development Account, which is hereby
17 created in the fund, for transfer to the Transit-Oriented
18 Development Implementation Fund, for expenditure, upon
19 appropriation by the Legislature, pursuant to the Transit-Oriented
20 Development Implementation Program authorized by Part 13
21 (commencing with Section 53560).

22 (d) Two hundred million dollars (\$200,000,000) shall be
23 deposited in the Housing Urban-Suburban-and-Rural Parks
24 Account, which is hereby created in the fund. Funds in the account
25 shall be available upon appropriation by the Legislature for
26 housing-related parks grants in urban, suburban, and rural areas,
27 subject to the conditions and criteria that the Legislature may
28 provide in statute.

29 *SEC. 61. Section 135 of the Labor Code is amended to read:*

30 135. In accordance with rules of practice and procedure that it
31 may adopt, the appeals board may, with the approval of the
32 ~~Department of Finance~~, *Secretary of State*, destroy or otherwise
33 dispose of any file kept by it in connection with any proceeding
34 under Division 4 (commencing with Section 3200) or Division 4.5
35 (commencing with Section 6100).

36 *SEC. 62. Section 1725.5 is added to the Labor Code, to read:*

37 1725.5. A contractor shall be registered pursuant to this section
38 to be qualified to bid on, be listed in a bid proposal, subject to the
39 requirements of Section 4104 of the Public Contract Code, or
40 engage in the performance of any public work contract that is

1 *subject to the requirements of this chapter. For the purposes of*
2 *this section, “contractor” includes a subcontractor as defined by*
3 *Section 1722.1.*

4 *(a) To qualify for registration under this section, a contractor*
5 *shall do all of the following:*

6 *(1) Beginning July 1, 2014, register with the Department of*
7 *Industrial Relations in the manner prescribed by the department*
8 *and pay an initial nonrefundable application fee of three hundred*
9 *dollars (\$300) to qualify for registration under this section and*
10 *an annual renewal fee on or before July 1 of each year thereafter.*
11 *The annual renewal fee shall be in a uniform amount set by the*
12 *Director of Industrial Relations, and the initial registration and*
13 *renewal fees may be adjusted no more than annually by the director*
14 *to support the costs specified in Section 1771.3.*

15 *(2) Provide evidence, disclosures, or releases as are necessary*
16 *to establish all of the following:*

17 *(A) Workers’ Compensation coverage that meets the*
18 *requirements of Division 4 (commencing with Section 3200) and*
19 *includes sufficient coverage for any worker whom the contractor*
20 *employs to perform work that is subject to prevailing wage*
21 *requirements other than a contractor who is separately registered*
22 *under this section. Coverage may be evidenced by a current and*
23 *valid certificate of workers’ compensation Insurance or*
24 *certification of self-insurance required under Section 7125 of the*
25 *Business and Professions Code.*

26 *(B) If applicable, the contractor is licensed in accordance with*
27 *Chapter 9 (commencing with Section 7000) of the Business and*
28 *Professions Code.*

29 *(C) The contractor does not have any delinquent liability to an*
30 *employee or the state for any assessment of back wages or related*
31 *damages, interest, fines, or penalties pursuant to any final*
32 *judgment, order, or determination by a court or any federal, state,*
33 *or local administrative agency, including a confirmed arbitration*
34 *award. However, for purposes of this paragraph, the contractor*
35 *shall not be disqualified for any judgment, order, or determination*
36 *that is under appeal, provided that the contractor has secured the*
37 *payment of any amount eventually found due through a bond or*
38 *other appropriate means.*

1 (D) The contractor is not currently debarred under Section
2 1777.1 or under any other federal or state law providing for the
3 debarment of contractors from public works.

4 (E) The contractor has not bid on a public works contract, been
5 listed in a bid proposal, or engaged in the performance of a
6 contract for public works without being lawfully registered in
7 accordance with this section, within the preceding 12 months or
8 since the effective date of the requirements set forth in subdivision
9 (e), whichever is earlier. If a contractor is found to be in violation
10 of the requirements of this paragraph, the period of disqualification
11 shall be waived if both of the following are true:

12 (i) The contractor has not previously been found to be in
13 violation of the requirements of this paragraph within the
14 preceding 12 months.

15 (ii) The contractor pays an additional nonrefundable penalty
16 registration fee of two thousand dollars (\$2,000).

17 (b) Fees received pursuant to this section shall be deposited in
18 the State Public Works Enforcement Fund established by Section
19 1771.3 and shall be used only for the purposes specified in that
20 section.

21 (c) A contractor who fails to pay the renewal fee required under
22 paragraph (1) of subdivision (a) on or before the expiration of any
23 prior period of registration shall be prohibited from bidding on
24 or engaging in the performance of any contract for public work
25 until once again registered pursuant to this section. If the failure
26 to pay the renewal fee was inadvertent, the contractor may renew
27 its registration retroactively by paying an additional nonrefundable
28 penalty renewal fee equal to the amount of the renewal fee within
29 90 days of the due date of the renewal fee.

30 (d) If, after a body awarding a contract accepts the contractor's
31 bid or awards the contract, the work covered by the bid or contract
32 is determined to be a public work to which Section 1771 applies,
33 either as the result of a determination by the director pursuant to
34 Section 1773.5 or a court decision, the requirements of this section
35 shall not apply, subject to the following requirements:

36 (1) The body that awarded the contract failed, in the bid
37 specification or in the contract documents, to identify as a public
38 work that portion of the work that the determination or decision
39 subsequently classifies as a public work.

1 (2) Within 20 days following service of notice on the awarding
2 body of a determination by the Director of Industrial Relations
3 pursuant to Section 1773.5 or a decision by a court that the
4 contract was for public work as defined in this chapter, the
5 contractor and any subcontractors are registered under this section
6 or are replaced by a contractor or subcontractors who are
7 registered under this section.

8 (3) The requirements of this section shall apply prospectively
9 only to any subsequent bid, bid proposal, contract, or work
10 performed after the awarding body is served with notice of the
11 determination or decision referred to in paragraph (2) of this
12 subdivision.

13 (e) The requirements of this section shall apply to any bid
14 proposal submitted on or after March 1, 2015, and any contract
15 for public work, as defined in this chapter, entered into on or after
16 April 1, 2015.

17 SEC. 63. Section 1771.1 is added to the Labor Code, to read:

18 1771.1. (a) A contractor or subcontractor shall not be qualified
19 to bid on, be listed in a bid proposal, subject to the requirements
20 of Section 4104 of the Public Contract Code, or engage in the
21 performance of any contract for public work, as defined in this
22 chapter, unless currently registered and qualified to perform public
23 work pursuant to Section 1725.5. It is not a violation of this section
24 for an unregistered contractor to submit a bid that is authorized
25 by Section 7029.1 of the Business and Professions Code or by
26 Section 10164 or 20103.5 of the Public Contract Code, provided
27 the contractor is registered to perform public work pursuant to
28 Section 1725.5 at the time the contract is awarded.

29 (b) Notice of the requirement described in subdivision (a) shall
30 be included in all bid invitations and public works contracts, and
31 a bid shall not be accepted nor any contract or subcontract entered
32 into without proof of the contractor or subcontractor's current
33 registration to perform public work pursuant to Section 1725.5.

34 (c) An inadvertent error in listing a subcontractor who is not
35 registered pursuant to Section 1725.5 in a bid proposal shall not
36 be grounds for filing a bid protest or grounds for considering the
37 bid nonresponsive, provided that any of the following apply:

38 (1) The subcontractor is registered prior to the bid opening.

39 (2) Within 24 hours after the bid opening, the subcontractor is
40 registered and has paid the penalty registration fee specified in

1 *subparagraph (E) of paragraph (2) of subdivision (a) of Section*
2 *1725.5.*

3 *(3) The subcontractor is replaced by another registered*
4 *subcontractor pursuant to Section 4107 of the Public Contract*
5 *Code.*

6 *(d) Failure by a subcontractor to be registered to perform public*
7 *work as required by subdivision (a) shall be grounds under Section*
8 *4107 of the Public Contract Code for the contractor, with the*
9 *consent of the awarding authority, to substitute a subcontractor*
10 *who is registered to perform public work pursuant to Section*
11 *1725.5 in place of the unregistered subcontractor.*

12 *(e) The department shall maintain on its Internet Web site a list*
13 *of contractors who are currently registered to perform public work*
14 *pursuant to Section 1725.5.*

15 *(f) A contract entered into with any contractor or subcontractor*
16 *in violation of subdivision (a) shall be subject to cancellation,*
17 *provided that a contract for public work shall not be unlawful,*
18 *void, or voidable solely due to the failure of the awarding body,*
19 *contractor, or any subcontractor to comply with the requirements*
20 *of Section 1725.5 or this section.*

21 *(g) This section shall apply to any bid proposal submitted on*
22 *or after March 1, 2015, and any contract for public work entered*
23 *into on or after April 1, 2015.*

24 *SEC. 64. Section 1771.3 of the Labor Code is repealed.*

25 ~~1771.3. (a) (1) The Department of Industrial Relations shall~~
26 ~~monitor and enforce compliance with applicable prevailing wage~~
27 ~~requirements for any public works project paid for in whole or~~
28 ~~part out of public funds, within the meaning of subdivision (b) of~~
29 ~~Section 1720, that are derived from bonds issued by the state, and~~
30 ~~shall charge each awarding body for the reasonable and directly~~
31 ~~related costs of monitoring and enforcing compliance with the~~
32 ~~prevailing wage requirements on each project.~~

33 ~~(2) (A) The State Public Works Enforcement Fund is hereby~~
34 ~~created as a special fund in the State Treasury. All moneys received~~
35 ~~by the department pursuant to this section shall be deposited in~~
36 ~~the fund. Notwithstanding Section 13340 of the Government Code,~~
37 ~~all moneys in the fund shall be continuously appropriated to the~~
38 ~~Department of Industrial Relations, to monitor and enforce~~
39 ~~compliance with the applicable prevailing wage requirements on~~
40 ~~public works projects paid for in whole or part out of public funds,~~

1 within the meaning of subdivision (b) of Section 1720, that are
2 derived from bonds issued by the state and other projects for which
3 the department provides prevailing wage monitoring and
4 enforcement activities and for which it is to be reimbursed by the
5 awarding body, and shall not be used or borrowed for any other
6 purpose.

7 (B) Notwithstanding any other law, upon order of the Director
8 of Finance, a loan in the amount of four million three hundred
9 thousand dollars (\$4,300,000) shall be provided from the Uninsured
10 Employers Benefit Trust Fund to the State Public Works
11 Enforcement Fund to meet the startup needs of the Labor
12 Compliance Monitoring Unit.

13 (3) The Director of Industrial Relations shall adopt regulations
14 implementing this section, specifying the activities, including, but
15 not limited to, monthly review, and audit if appropriate, of payroll
16 records, which the department will undertake to monitor and
17 enforce compliance with applicable prevailing wage requirements
18 on public works projects paid for in whole or part out of public
19 funds, within the meaning of subdivision (b) of Section 1720, that
20 are derived from bonds issued by the state. The department, with
21 the approval of the Director of Finance, shall determine the rate,
22 which the department may from time to time amend, that the
23 department will charge to recover the reasonable and directly
24 related costs of performing the monitoring and enforcement
25 services for public works projects. The amount of bond funds
26 utilized by an awarding body to pay the department's fee shall not
27 exceed one-fourth of 1 percent of the state bond proceeds used for
28 the public works projects, with any other remaining costs of
29 monitoring and enforcing compliance to be paid by the awarding
30 body from other funds authorized to be used to finance the project.

31 (4) The reasonable and directly related costs of monitoring and
32 enforcing compliance with the prevailing wage requirements on
33 a public works project incurred by the department in accordance
34 with this section are payable by the awarding body of the public
35 works project as a cost of construction. Notwithstanding any other
36 provision of law, but subject to any limitations or restrictions of
37 the bond act, the board, commission, department, agency, or official
38 responsible for the allocation of bond proceeds from the bond
39 funds shall consider and provide for amounts in support of the
40 costs when allocating or approving expenditures of bond proceeds

1 for the construction of the authorized project. The awarding body
2 may elect not to receive or expend amounts from bond proceeds
3 to pay the costs of the project; however, that election does not
4 relieve the awarding body from reimbursing the Department of
5 Industrial Relations from other funding sources for monitoring
6 and enforcing prevailing wage requirements on the project pursuant
7 to this section or any other applicable provision of law. The
8 department shall annually provide information, as specified in
9 regulations, to assist an awarding body to reasonably estimate the
10 annual cost of monitoring and enforcing compliance.

11 (b) Paragraph (1) of subdivision (a) shall not apply to any
12 contract for a public works project paid for in whole or part out of
13 public funds, within the meaning of subdivision (b) of Section
14 1720, that are derived from bonds issued by the state if the contract
15 was awarded under any of the following conditions:

16 (1) The contract was awarded prior to the effective date of
17 implementing regulations adopted by the department pursuant to
18 paragraph (3) of subdivision (a).

19 (2) The contract was awarded on or after the effective date of
20 the regulations described in paragraph (1), if the awarding body
21 had previously initiated a labor compliance program approved by
22 the department for some or all of its public works projects and had
23 not contracted with a third party to conduct such program, and
24 requests and receives approval from the department to continue
25 to operate its existing labor compliance program for its public
26 works projects paid for in whole or part out of public funds, within
27 the meaning of subdivision (b) of Section 1720, that are derived
28 from bonds issued by the state, in place of the department
29 monitoring and enforcing compliance on projects pursuant to
30 subdivision (a).

31 (3) The contract is awarded on or after the effective date of the
32 regulations described in paragraph (1), if the awarding body has
33 entered into a collective bargaining agreement that binds all of the
34 contractors performing work on the project and that includes a
35 mechanism for resolving disputes about the payment of wages.

36 (e) This section shall not apply to public works projects subject
37 to Section 75075 of the Public Resources Code.

38 *SEC. 65. Section 1771.3 is added to the Labor Code, to read:*
39 *1771.3. (a) The State Public Works Enforcement Fund is*
40 *hereby created as a special fund in the State Treasury to be*

1 available upon appropriation of the Legislature. All registration
2 fees collected pursuant to Section 1725.5 and any other moneys
3 as are designated by statute or order shall be deposited in the fund
4 for the purposes specified in subdivision (b).

5 (b) Moneys in the State Public Works Enforcement Fund shall
6 be used only for the following purposes:

7 (1) The reasonable costs of administering the registration of
8 contractors and subcontractors to perform public work pursuant
9 to Section 1725.5.

10 (2) The costs and obligations associated with the administration
11 and enforcement of the requirements of this chapter by the
12 Department of Industrial Relations.

13 (3) The monitoring and enforcement of any requirement of this
14 code by the Labor Commissioner on a public works project or in
15 connection with the performance of public work as defined
16 pursuant to this chapter.

17 (c) The annual contractor registration renewal fee specified in
18 subdivision (a) of Section 1725.5, and any adjusted application
19 or renewal fee, shall be set in amounts that are sufficient to support
20 the annual appropriation approved by the Legislature for the State
21 Public Works Enforcement Fund and not result in a fund balance
22 greater than 25 percent of the appropriation. Any yearend balance
23 in the fund greater than 25 percent of the appropriation shall be
24 applied as a credit when determining any fee adjustments for the
25 subsequent fiscal year.

26 (d) To provide adequate cashflow for the purposes specified in
27 subdivision (b), the Director of Finance, with the concurrence of
28 the Secretary of the Labor and Workforce Development Agency,
29 may approve a short-term loan each fiscal year from the Labor
30 and Workforce Development Fund to the State Public Works
31 Enforcement Fund.

32 (1) The maximum amount of the annual loan allowable may be
33 up to, but shall not exceed 50 percent of the appropriation authority
34 of the State Public Works Enforcement Fund in the same year in
35 which the loan was made.

36 (2) For the purposes of this section, a “short-term loan” is a
37 transfer that is made subject to both of the following conditions:

38 (A) Any amount loaned is to be repaid in full during the same
39 fiscal year in which the loan was made, except that repayment may

1 *be delayed until a date not more than 30 days after the date of*
2 *enactment of the annual Budget Act for the subsequent fiscal year.*

3 *(B) Loans shall be repaid whenever the funds are needed to*
4 *meet cash expenditure needs in the loaning fund or account.*

5 *SEC. 66. Section 1771.4 is added to the Labor Code, to read:*

6 *1771.4. (a) All of the following are applicable to all public*
7 *works projects that are otherwise subject to the requirements of*
8 *this chapter:*

9 *(1) The call for bids and contract documents shall specify that*
10 *the project is subject to compliance monitoring and enforcement*
11 *by the Department of Industrial Relations.*

12 *(2) The awarding body shall post or require the prime contractor*
13 *to post job site notices, as prescribed by regulation.*

14 *(3) Each contractor and subcontractor shall furnish the records*
15 *specified in Section 1776 directly to the Labor Commissioner, in*
16 *the following manner:*

17 *(A) At least monthly or more frequently if specified in the*
18 *contract with the awarding body.*

19 *(B) In a format prescribed by the Labor Commissioner.*

20 *(4) The department shall undertake those activities it deems*
21 *necessary to monitor and enforce compliance with prevailing wage*
22 *requirements.*

23 *(b) The Labor Commissioner may exempt a public works project*
24 *from compliance with all or part of the requirements of subdivision*
25 *(a) of this section if either of the following occurs:*

26 *(1) The awarding body has enforced an approved labor*
27 *compliance program, as defined in Section 1771.5, on all public*
28 *works projects under its authority, except those deemed exempt*
29 *pursuant to subdivision (a) of Section 1771.5, continuously since*
30 *December 31, 2011.*

31 *(2) The awarding body has entered into a collective bargaining*
32 *agreement that binds all contractors performing work on the*
33 *project and that includes a mechanism for resolving disputes about*
34 *the payment of wages.*

35 *(c) (1) The requirements of paragraph (1) of subdivision (a)*
36 *shall only apply to contracts for public works projects awarded*
37 *on or after January 1, 2015.*

38 *(2) The requirements of paragraph (3) of subdivision (a) shall*
39 *only apply to the following projects:*

1 (A) *Projects that were subject to a requirement to furnish*
2 *records to the Compliance Monitoring Unit pursuant to Section*
3 *16461 of Title 8 of the California Code of Regulations, prior to*
4 *the effective date of this section.*

5 (B) *Projects for which the initial contract is awarded on or after*
6 *April 1, 2015.*

7 (C) *Any other ongoing project in which the Labor Commissioner*
8 *directs the contractors or subcontractors on the project to furnish*
9 *records in accordance with paragraph (3) of subdivision (a).*

10 (D) *All projects, whether new or ongoing, on or after January*
11 *1, 2016.*

12 *SEC. 67. Section 1771.5 of the Labor Code is amended to read:*

13 1771.5. (a) Notwithstanding Section 1771, an awarding body
14 may choose not to require the payment of the general prevailing
15 rate of per diem wages or the general prevailing rate of per diem
16 wages for holiday and overtime work for any public works project
17 of twenty-five thousand dollars (\$25,000) or less when the project
18 is for construction work, or for any public works project of fifteen
19 thousand dollars (\$15,000) or less when the project is for alteration,
20 demolition, repair, or maintenance work, if the awarding body
21 elects to either:

22 ~~(1) Initiate and has elected to initiate and has been approved~~
23 ~~by the Director of Industrial Relations to enforce a labor~~
24 ~~compliance program pursuant to subdivision (b) for every public~~
25 ~~works project under the authority of the awarding body as described~~
26 ~~in subdivision (e):~~ *body.*

27 ~~(2) Reimburse the Department of Industrial Relations for the~~
28 ~~cost of monitoring and enforcing compliance with prevailing wage~~
29 ~~requirements for every public works project of the awarding body~~
30 ~~as described in subdivision (f):~~

31 (b) For purposes of this section, a labor compliance program
32 shall include, but not be limited to, the following requirements:

33 (1) All bid invitations and public works contracts shall contain
34 appropriate language concerning the requirements of this chapter.

35 (2) A prejob conference shall be conducted with the contractor
36 and subcontractors to discuss federal and state labor law
37 requirements applicable to the contract.

38 (3) Project contractors and subcontractors shall maintain and
39 furnish, at a designated time, a certified copy of each weekly

1 payroll containing a statement of compliance signed under penalty
2 of perjury.

3 (4) The awarding body shall review, and, if appropriate, audit
4 payroll records to verify compliance with this chapter.

5 (5) The awarding body shall withhold contract payments when
6 payroll records are delinquent or inadequate.

7 (6) The awarding body shall withhold contract payments equal
8 to the amount of underpayment and applicable penalties when,
9 after investigation, it is established that underpayment has occurred.

10 (7) The awarding body shall comply with any other prevailing
11 wage monitoring and enforcement activities that are required to
12 be conducted by labor compliance programs by the Department
13 of Industrial Relations.

14 (c) For purposes of this chapter, “labor compliance program”
15 means a labor compliance program that is approved, as specified
16 in state regulations, by the Director of Industrial Relations.

17 (d) For purposes of this chapter, the Director of Industrial
18 Relations may revoke the approval of a labor compliance program
19 in the manner specified in state regulations.

20 ~~(e) An awarding body that elects to use a labor compliance~~
21 ~~program pursuant to subdivision (a) shall use the labor compliance~~
22 ~~program for all contracts for public works projects awarded prior~~
23 ~~to the effective date of the regulations adopted by the department~~
24 ~~as specified in subdivision (g). For contracts for public works~~
25 ~~projects awarded on or after the effective date of regulations~~
26 ~~adopted by the department as specified in subdivision (g), the~~
27 ~~awarding body may also elect to continue operating an existing~~
28 ~~previously approved labor compliance program in lieu of~~
29 ~~reimbursing the Department of Industrial Relations for the cost of~~
30 ~~monitoring and enforcing compliance with prevailing wage~~
31 ~~requirements on the awarding body’s public works projects if it~~
32 ~~has not contracted with a third party to conduct its labor compliance~~
33 ~~program and if it requests and receives approval from the~~
34 ~~department to continue its existing program.~~

35 ~~(f) An awarding body that elects to reimburse the department~~
36 ~~for the cost of monitoring and enforcing compliance with prevailing~~
37 ~~wage requirements for public works projects of the awarding body,~~
38 ~~pursuant to subdivision (a), shall, for all of its contracts for public~~
39 ~~works projects awarded on or after the effective date of the~~

1 regulations adopted by the department as specified in subdivision
2 (g) do all of the following:

3 (1) ~~Ensure that all bid invitations and public works contracts~~
4 ~~contain appropriate language concerning the requirements of this~~
5 ~~chapter.~~

6 (2) ~~Conduct a prejob conference with the contractor and~~
7 ~~subcontractor to discuss federal and state labor law requirements~~
8 ~~applicable to the contract.~~

9 (3) ~~Enter into an agreement with the department to reimburse~~
10 ~~the department for its costs of performing the service of monitoring~~
11 ~~and enforcing compliance with applicable prevailing wage~~
12 ~~requirements on the awarding body's projects.~~

13 (g) ~~The Department of Industrial Relations shall adopt~~
14 ~~regulations implementing this section specifying the activities that~~
15 ~~the department shall undertake to monitor and enforce compliance~~
16 ~~with the prevailing wage requirements on the public works projects,~~
17 ~~including, but not limited to, monthly review, and audit if~~
18 ~~appropriate, of payroll records.~~

19 (h) (1) ~~The Department of Industrial Relations shall, in~~
20 ~~accordance with paragraphs (3) and (4) of subdivision (a) of~~
21 ~~Section 1771.3, determine the rate, which the department may~~
22 ~~from time to time amend, that the department will charge for~~
23 ~~reimbursement from an awarding body for the reasonable and~~
24 ~~directly related costs of performing the specified monitoring and~~
25 ~~enforcement services for public works projects.~~

26 (2) ~~Notwithstanding paragraph (1), for public works projects~~
27 ~~paid for in whole or part out of public funds, within the meaning~~
28 ~~of subdivision (b) of Section 1720, that are derived from bonds~~
29 ~~issued by the state, the amount charged by the department shall~~
30 ~~not exceed one-fourth of 1 percent of the state bond proceeds used~~
31 ~~for the public works project, with any other remaining costs of~~
32 ~~monitoring and enforcing compliance to be paid by the awarding~~
33 ~~body from other funds authorized to be used to finance the project.~~

34 (i) ~~All amounts collected by the Department of Industrial~~
35 ~~Relations for its services pursuant to this section shall be deposited~~
36 ~~in the State Public Works Enforcement Fund.~~

37 *SEC. 68. Section 1771.7 of the Labor Code is amended to read:*

38 1771.7. (a) (1) For contracts specified in subdivision (f), an
39 awarding body that chooses to use funds derived from either the
40 Kindergarten-University Public Education Facilities Bond Act of

1 2002 or the Kindergarten-University Public Education Facilities
2 Bond Act of 2004 for a public works project, shall initiate and
3 enforce, or contract with a third party to initiate and enforce, a
4 labor compliance program, as described in subdivision (b) of
5 Section 1771.5, with respect to that public works project.

6 (2) If an awarding body described in paragraph (1) chooses to
7 contract with a third party to initiate and enforce a labor compliance
8 program for a project described in paragraph (1), that third party
9 shall not review the payroll records of its own employees or the
10 employees of its subcontractors, and the awarding body or an
11 independent third party shall review these payroll records for
12 purposes of the labor compliance program.

13 (b) This section applies to public works that commence on or
14 after April 1, 2003. For purposes of this subdivision, work
15 performed during the design and preconstruction phases of
16 construction, including, but not limited to, inspection and land
17 surveying work, does not constitute the commencement of a public
18 work.

19 (c) (1) For purposes of this section, if any campus of the
20 California State University chooses to use the funds described in
21 subdivision (a), then the “awarding body” is the Chancellor of the
22 California State University. For purposes of this subdivision, if
23 the chancellor is required by subdivision (a) to initiate and enforce,
24 or to contract with a third party to initiate and enforce, a labor
25 compliance program, then in addition to the requirements described
26 in subdivision (b) of Section 1771.5, the Chancellor of the
27 California State University shall review the payroll records on at
28 least a monthly basis to ensure the awarding body’s compliance
29 with the labor compliance program.

30 (2) For purposes of this subdivision, if an awarding body
31 described in subdivision (a) is the University of California or any
32 campus of that university, and that awarding body is required by
33 subdivision (a) to initiate and enforce, or to contract with a third
34 party to initiate and enforce, a labor compliance program, then in
35 addition to the requirements described in subdivision (b) of Section
36 1771.5, the payroll records shall be reviewed on at least a monthly
37 basis to ensure the awarding body’s compliance with the labor
38 compliance program.

39 (d) (1) An awarding body described in subdivision (a) shall
40 make a written finding that the awarding body has initiated and

1 enforced, or has contracted with a third party to initiate and enforce,
2 the labor compliance program described in subdivision (a).

3 (2) (A) If an awarding body described in subdivision (a) is a
4 school district, the governing body of that district shall transmit
5 to the State Allocation Board, in the manner determined by that
6 board, a copy of the finding described in paragraph (1).

7 (B) The State Allocation Board shall not release the funds
8 described in subdivision (a) to an awarding body that is a school
9 district until the State Allocation Board has received the written
10 finding described in paragraph (1).

11 (C) If the State Allocation Board conducts a postaward audit
12 procedure with respect to an award of the funds described in
13 subdivision (a) to an awarding body that is a school district, the
14 State Allocation Board shall verify, in the manner determined by
15 that board, that the school district has complied with the
16 requirements of this subdivision.

17 (3) If an awarding body described in subdivision (a) is a
18 community college district, the Chancellor of the California State
19 University, or the office of the President of the University of
20 California or any campus of the University of California, that
21 awarding body shall transmit, in the manner determined by the
22 Director of Industrial Relations, a copy of the finding described
23 in paragraph (1) to the director of that department, or the director
24 of any successor agency that is responsible for the oversight of
25 employee wage and employee work hours laws.

26 (e) Because the reasonable costs directly related to monitoring
27 and enforcing compliance with the prevailing wage requirements
28 are necessary oversight activities, integral to the cost of
29 construction of the public works projects, notwithstanding Section
30 17070.63 of the Education Code, the grant amounts as described
31 in Chapter 12.5 (commencing with Section 17070.10) of Part 10
32 of Division 1 of Title 1 of the Education Code for the costs of a
33 new construction or modernization project shall include the state's
34 share of the reasonable and directly related costs of the labor
35 compliance program used to monitor and enforce compliance with
36 prevailing wage requirements.

37 (f) This section shall only apply to contracts awarded prior to
38 ~~the effective date of regulations adopted by the Department of~~
39 ~~Industrial Relations pursuant to paragraph (3) of subdivision (a)~~
40 ~~of Section 1771.3. January 1, 2012.~~

1 *SEC. 69. Section 1773.3 of the Labor Code is repealed.*

2 ~~1773.3. An awarding agency whose public works contract falls~~
3 ~~within the jurisdiction of Section 1771.3, 1771.5, or 1777.5, or~~
4 ~~any other statute providing for the payment of fees to the~~
5 ~~Department of Industrial Relations for enforcing prevailing wage~~
6 ~~requirements on that project, shall, within five days of the award,~~
7 ~~send a copy of the award to the department. In lieu of responding~~
8 ~~to any specific request for contract award information, the~~
9 ~~department may make such information available for public review~~
10 ~~by posting on its Internet Web site. Within five days of a finding~~
11 ~~of any discrepancy regarding the ratio of apprentices to~~
12 ~~journeymen, pursuant to the certificated fixed number of~~
13 ~~apprentices to journeymen, the awarding agency shall notify the~~
14 ~~Division of Labor Standards Enforcement.~~

15 *SEC. 70. Section 1773.3 is added to the Labor Code, to read:*

16 1773.3. (a) (1) *An awarding agency shall provide notice to*
17 *the Department of Industrial Relations of any public works contract*
18 *subject to the requirements of this chapter, within five days of the*
19 *award.*

20 (2) *The notice shall be transmitted electronically in a format*
21 *specified by the department and shall include the name of the*
22 *contractor, any subcontractor listed on the successful bid, the bid*
23 *and contract award dates, the contract amount, the estimated start*
24 *and completion dates, job site location, and any additional*
25 *information the department specifies that aids in the administration*
26 *and enforcement of this chapter.*

27 (b) *In lieu of responding to any specific request for contract*
28 *award information, the department may make the information*
29 *provided by awarding bodies pursuant to this section available*
30 *for public review on its Internet Web site.*

31 *SEC. 71. Section 1776 of the Labor Code is amended to read:*

32 1776. (a) *Each contractor and subcontractor shall keep accurate*
33 *payroll records, showing the name, address, social security number,*
34 *work classification, straight time and overtime hours worked each*
35 *day and week, and the actual per diem wages paid to each*
36 *journeyman, apprentice, worker, or other employee employed by*
37 *him or her in connection with the public work. Each payroll record*
38 *shall contain or be verified by a written declaration that it is made*
39 *under penalty of perjury, stating both of the following:*

1 (1) The information contained in the payroll record is true and
2 correct.

3 (2) The employer has complied with the requirements of
4 Sections 1771, 1811, and 1815 for any work performed by his or
5 her employees on the public works project.

6 (b) The payroll records enumerated under subdivision (a) shall
7 be certified and shall be available for inspection at all reasonable
8 hours at the principal office of the contractor on the following
9 basis:

10 (1) A certified copy of an employee's payroll record shall be
11 made available for inspection or furnished to the employee or his
12 or her authorized representative on request.

13 (2) A certified copy of all payroll records enumerated in
14 subdivision (a) shall be made available for inspection or furnished
15 upon request to a representative of the body awarding the contract
16 and the Division of Labor Standards Enforcement of the
17 Department of Industrial Relations.

18 (3) A certified copy of all payroll records enumerated in
19 subdivision (a) shall be made available upon request by the public
20 for inspection or for copies thereof. However, a request by the
21 public shall be made through either the body awarding the contract
22 or the Division of Labor Standards Enforcement. If the requested
23 payroll records have not been provided pursuant to paragraph (2),
24 the requesting party shall, prior to being provided the records,
25 reimburse the costs of preparation by the contractor, subcontractors,
26 and the entity through which the request was made. The public
27 may not be given access to the records at the principal office of
28 the contractor.

29 (c) ~~The~~ *Unless required to be furnished directly to the Labor*
30 *Commissioner in accordance with paragraph (3) of subdivision*
31 *(a) of Section 1771.4, the certified payroll records shall be on forms*
32 *provided by the Division of Labor Standards Enforcement or shall*
33 *contain the same information as the forms provided by the division.*
34 *The payroll records may consist of printouts of payroll data that*
35 *are maintained as computer records, if the printouts contain the*
36 *same information as the forms provided by the division and the*
37 *printouts are verified in the manner specified in subdivision (a).*

38 (d) A contractor or subcontractor shall file a certified copy of
39 the records enumerated in subdivision (a) with the entity that

1 requested the records within 10 days after receipt of a written
2 request.

3 (e) Except as provided in subdivision (f), any copy of records
4 made available for inspection as copies and furnished upon request
5 to the public or any public agency by the awarding body or the
6 Division of Labor Standards Enforcement shall be marked or
7 obliterated to prevent disclosure of an individual's name, address,
8 and social security number. The name and address of the contractor
9 awarded the contract or the subcontractor performing the contract
10 shall not be marked or obliterated. Any copy of records made
11 available for inspection by, or furnished to, a multiemployer
12 Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests
13 the records for the purposes of allocating contributions to
14 participants shall be marked or obliterated only to prevent
15 disclosure of an individual's full social security number, but shall
16 provide the last four digits of the social security number. Any copy
17 of records made available for inspection by, or furnished to, a joint
18 labor-management committee established pursuant to the federal
19 Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a)
20 shall be marked or obliterated only to prevent disclosure of an
21 individual's social security number.

22 (f) (1) Notwithstanding any other provision of law, agencies
23 that are included in the Joint Enforcement Strike Force on the
24 Underground Economy established pursuant to Section 329 of the
25 Unemployment Insurance Code and other law enforcement
26 agencies investigating violations of law shall, upon request, be
27 provided nonredacted copies of certified payroll records. Any
28 copies of records or certified payroll made available for inspection
29 and furnished upon request to the public by an agency included in
30 the Joint Enforcement Strike Force on the Underground Economy
31 or to a law enforcement agency investigating a violation of law
32 shall be marked or redacted to prevent disclosure of an individual's
33 name, address, and social security number.

34 (2) An employer shall not be liable for damages in a civil action
35 for any reasonable act or omission taken in good faith in
36 compliance with this subdivision.

37 (g) The contractor shall inform the body awarding the contract
38 of the location of the records enumerated under subdivision (a),
39 including the street address, city, and county, and shall, within five
40 working days, provide a notice of a change of location and address.

1 (h) The contractor or subcontractor has 10 days in which to
2 comply subsequent to receipt of a written notice requesting the
3 records enumerated in subdivision (a). In the event that the
4 contractor or subcontractor fails to comply within the 10-day
5 period, he or she shall, as a penalty to the state or political
6 subdivision on whose behalf the contract is made or awarded,
7 forfeit one hundred dollars (\$100) for each calendar day, or portion
8 thereof, for each worker, until strict compliance is effectuated.
9 Upon the request of the Division of Labor Standards Enforcement,
10 these penalties shall be withheld from progress payments then due.
11 A contractor is not subject to a penalty assessment pursuant to this
12 section due to the failure of a subcontractor to comply with this
13 section.

14 (i) The body awarding the contract shall cause to be inserted in
15 the contract stipulations to effectuate this section.

16 (j) The director shall adopt rules consistent with the California
17 Public Records Act (Chapter 3.5 (commencing with Section 6250)
18 of Division 7 of Title 1 of the Government Code) and the
19 Information Practices Act of 1977 (Title 1.8 (commencing with
20 Section 1798) of Part 4 of Division 3 of the Civil Code) governing
21 the release of these records, including the establishment of
22 reasonable fees to be charged for reproducing copies of records
23 required by this section.

24 *SEC. 72. Section 179 of the Military and Veterans Code is*
25 *amended to read:*

26 179. (a) The Adjutant General shall establish a California State
27 Military Museum and Resource Center as a repository for military
28 artifacts, memorabilia, equipment, documents, and other items
29 relating to the military history of California, and to the history of
30 the California National Guard, in accordance with applicable
31 regulations of the United States Army governing Army museum
32 activities. The museum ~~shall~~ *may* consist of the facility described
33 in the Proclamation of the Governor dated May 11, 1994, and any
34 branches as may currently exist or may from time to time be created
35 throughout the state. Each facility shall be deemed to be an armory
36 within the meaning of Section 430.

37 (b) The Adjutant General ~~shall~~ *may* enter into ~~an operating~~
38 ~~agreement~~ *agreements* with the California State Military Museum
39 Foundation, formerly known as the California National Guard
40 Historical Society, an existing California nonprofit public benefit

1 corporation that is tax exempt under Section 501(c)(3) of the
2 Internal Revenue Code. Under the operating agreement with the
3 Adjutant General, the foundation shall operate the California State
4 Military Museum and Resource Center in coordination with the
5 California State Military Reserve's California Center for Military
6 History. The foundation shall develop, administer, interpret, and
7 manage museum historical programs and related public services,
8 and acquire and manage funding for museum programs and
9 services: *nonprofit historical foundations, military museums,*
10 *historical societies, or other entities to conduct museum activities*
11 *pursuant to the rules and regulations promulgated hereunder.*

12 (c) Volunteers, docents, members of the California State Military
13 Reserve, or others working with or for the California State Military
14 Museum Foundation, and Resource Center, for purposes consistent
15 with the mission of the organization, shall be considered volunteers
16 under Sections 3118 and 3119 of the Government Code and Section
17 3363.5 of the Labor Code.

18 (d) The Board of Directors of the California State Military
19 Museum Foundation shall include the Adjutant General, or the
20 Assistant Adjutant General, or any Deputy Adjutant General
21 designated by the Adjutant General, as an ex officio voting member
22 of the board. The board of directors of the foundation shall be the
23 governing authority for operations funded through moneys received
24 by the foundation. The board of directors of the foundation shall,
25 no later than October 15 of each year, submit an audit report to
26 the Adjutant General, the Chair of the Joint Legislative Audit
27 Committee, the Chair of the Joint Legislative Budget Committee,
28 and the Director of Finance.

29 (e)

30 (d) No funds raised or assets acquired by the foundation an
31 entity described in subdivision (b) shall be used for purposes
32 inconsistent with support of the museum.

33 (f)

34 (e) The Board of Directors of the California State Military
35 Museum Foundation Military Department shall, no later than
36 March 15 of each year, submit a business plan for the following
37 fiscal year to the Adjutant General, the Director of Finance,
38 Finance and the Chair of the Joint Legislative Budget Committee
39 for review and comment. The board of directors Military
40 Department shall also submit, not less than 30 days prior to

1 adoption, any proposed formal amendments to the business plan
2 to the Adjutant General, the Director of Finance, *Finance* and the
3 Chair of the Joint Legislative Budget Committee for review and
4 comment.

5 (g)

6 (f) (1) The Adjutant General or ~~the California State Military~~
7 ~~Museum Foundation~~ *an entity described in subdivision (b)* may
8 solicit, receive, and administer donations of funds or property for
9 the support and improvement of the museum. Any grants or
10 donations received may be expended or used for museum purposes.

11 (2) Property of historical military significance, not including
12 real property, that is owned by the state and is determined by the
13 Adjutant General to be in excess of the needs of the Military
14 Department, shall be transferred to the museum.

15 (3) Property determined by the ~~California State Military Museum~~
16 ~~Foundation~~ *Adjutant General or an entity described in subdivision*
17 *(b)* to be in excess of the needs of the museum may be sold,
18 donated, exchanged, or otherwise disposed of, at its discretion, in
19 a manner appropriate to the historical and intrinsic value of the
20 property, and the benefits from the disposition shall inure to the
21 museum. This paragraph does not apply to property held in trust
22 for the Controller pursuant to Section 1563 of the Code of Civil
23 Procedure.

24 (h)

25 (g) The Adjutant General or ~~the California State Military~~
26 ~~Museum Foundation~~ *an entity described in subdivision (b)* may
27 solicit and receive firearms and other weaponry confiscated by or
28 otherwise in the possession of law enforcement officers as
29 donations to the museum if he or she deems them to be of historical
30 or military interest.

31 (i)

32 (h) The Adjutant General shall, in cooperation with ~~the~~
33 ~~California State Military Museum Foundation~~, *an entity described*
34 *in subdivision (b)*, conduct a study of the future needs of the
35 National Guard to preserve, display, and interpret artifacts,
36 documents, photographs, films, literature, and other items relating
37 to the history of the military in California.

38 (j)

39 (i) (1) ~~The California State Military Museum Foundation~~ *An*
40 *entity described in subdivision (b)* may enter into agreements with

1 other military museums in California, including, but not limited
2 to, the Legion of Valor Museum, to loan property that is not real
3 property and that is under the direct control of the foundation.

4 ~~(2) The California State Military Museum Foundation~~ *An entity*
5 *described in subdivision (b)* may enter into agreements with other
6 military museums in California to loan property held in trust for
7 the Controller pursuant to Section 1563 of the Code of Civil
8 Procedure.

9 *SEC. 73. Section 1485.5 of the Penal Code is amended to read:*

10 1485.5. (a) If the district attorney or Attorney General
11 stipulates to or does not contest the factual allegations underlying
12 one or more of the grounds for granting a writ of habeas corpus
13 or a motion to vacate a judgment, the facts underlying the basis
14 for the court's ruling or order shall be binding on the Attorney
15 General, the factfinder, and the California Victim Compensation
16 and Government Claims Board.

17 (b) The district attorney shall provide notice to the Attorney
18 General prior to entering into a stipulation of facts that will be the
19 basis for the granting of a writ of habeas corpus or a motion to
20 vacate a judgment.

21 (c) The express factual findings made by the court, including
22 credibility determinations, in considering a petition for habeas
23 corpus, a motion to vacate judgment pursuant to Section 1473.6,
24 or an application for a certificate of factual innocence, shall be
25 binding on the Attorney General, the factfinder, and the California
26 Victim Compensation and Government Claims Board.

27 (d) For the purposes of this section, "express factual findings"
28 are findings established as the basis for the court's ruling or order.

29 (e) *For purposes of this section, "court" is defined as a state*
30 *or federal court.*

31 *SEC. 74. Section 13835.7 of the Penal Code is amended to*
32 *read:*

33 13835.7. There is in the State Treasury the Victim-Witness
34 Assistance Fund. Funds appropriated thereto shall be dispensed
35 to the Office of Emergency Services exclusively for the purposes
36 specified in this ~~article~~ *article, for any other purpose that supports*
37 *victims*, and for the support of the centers specified in Section
38 13837.

39 *SEC. 75. Section 6823 of the Public Contract Code is repealed.*

1 ~~6823. (a) For contracts for public works projects awarded prior~~
2 ~~to the effective date of the regulations adopted by the Department~~
3 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
4 ~~of the Labor Code, a transportation entity authorized to use the~~
5 ~~design-build method of procurement shall establish and enforce a~~
6 ~~labor compliance program containing the requirements outlined~~
7 ~~in Section 1771.5 of the Labor Code or shall contract with a third~~
8 ~~party to operate a labor compliance program containing the~~
9 ~~requirements outlined in Section 1771.5 of the Labor Code. This~~
10 ~~requirement shall not apply to projects where the transportation~~
11 ~~entity or design-build entity has entered into any collective~~
12 ~~bargaining agreement that binds all of the contractors performing~~
13 ~~work on the projects.~~

14 ~~(b) For contracts for public works projects awarded on or after~~
15 ~~the effective date of the regulations adopted by the Department of~~
16 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
17 ~~of the Labor Code, the transportation entity shall reimburse the~~
18 ~~Department of Industrial Relations for its reasonable and directly~~
19 ~~related costs of performing prevailing wage monitoring and~~
20 ~~enforcement on public works projects pursuant to rates established~~
21 ~~by the Department of Industrial Relations as set forth in subdivision~~
22 ~~(h) of Section 1771.5 of the Labor Code. All moneys collected~~
23 ~~pursuant to this subdivision shall be deposited in the State Public~~
24 ~~Works Enforcement Fund, created by Section 1771.3 of the Labor~~
25 ~~Code, and shall be used only for enforcement of prevailing wage~~
26 ~~requirements on those projects.~~

27 ~~(c) In lieu of reimbursing the Department of Industrial Relations~~
28 ~~for its reasonable and directly related costs of performing~~
29 ~~monitoring and enforcement on public works projects, the~~
30 ~~transportation entity may either (1) elect to continue operating an~~
31 ~~existing previously approved labor compliance program to monitor~~
32 ~~and enforce prevailing wage requirements on the project if it has~~
33 ~~not contracted with a third party to conduct its labor compliance~~
34 ~~program and requests and receives approval from the department~~
35 ~~to continue its existing program or (2) enter into a collective~~
36 ~~bargaining agreement that binds all of the contractors performing~~
37 ~~work on the project and that includes a mechanism for resolving~~
38 ~~disputes about the payment of wages.~~

39 ~~SEC. 76. Section 6823 is added to the Public Contract Code,~~
40 ~~to read:~~

1 6823. (a) For contracts for public works projects awarded
2 prior January 1, 2012, a transportation entity authorized to use
3 the design-build method of procurement shall establish and enforce
4 a labor compliance program containing the requirements outlined
5 in Section 1771.5 of the Labor Code or shall contract with a third
6 party to operate a labor compliance program containing the
7 requirements outlined in Section 1771.5 of the Labor Code. This
8 requirement shall not apply to projects where the transportation
9 entity or design-build entity has entered into any collective
10 bargaining agreement that binds all of the contractors performing
11 work on the projects.

12 (b) For contracts for public works projects awarded on or after
13 January 1, 2012, the project shall be subject to the requirements
14 of Section 1771.4 of the Labor Code.

15 SEC. 76.5. Section 6953 of the Public Contract Code is
16 repealed.

17 ~~6953. (a) Except as specified in subdivision (b), the San Diego~~
18 ~~Association of Governments shall comply with subdivision (f) of~~
19 ~~Section 1771.5 of the Labor Code and shall reimburse the~~
20 ~~Department of Industrial Relations for its reasonable and directly~~
21 ~~related costs of performing prevailing wage monitoring and~~
22 ~~enforcement on public works projects pursuant to rates established~~
23 ~~by the department as set forth in subdivision (h) of that section on~~
24 ~~projects using an alternative project delivery method under this~~
25 ~~chapter. All moneys collected pursuant to this subdivision shall~~
26 ~~be deposited in the State Public Works Enforcement Fund, created~~
27 ~~by Section 1771.3 of the Labor Code, and shall be used only for~~
28 ~~enforcement of prevailing wage requirements on those projects.~~

29 ~~(b) In lieu of complying with subdivision (a), the San Diego~~
30 ~~Association of Governments may elect to enter into a collective~~
31 ~~bargaining agreement that binds all of the contractors performing~~
32 ~~work on the project and that includes a mechanism for resolving~~
33 ~~disputes about the payment of wages.~~

34 SEC. 77. Section 6953 is added to the Public Contract Code,
35 to read:

36 6953. Any public works project that is contracted for pursuant
37 to this chapter shall be subject to the requirements of Section
38 1771.4 of the Labor Code.

39 SEC. 78. Section 20133 of the Public Contract Code is amended
40 to read:

1 20133. (a) A county, with approval of the board of supervisors,
2 may utilize an alternative procedure for bidding on construction
3 projects in the county in excess of two million five hundred
4 thousand dollars (\$2,500,000) and may award the project using
5 either the lowest responsible bidder or by best value.

6 (b) (1) It is the intent of the Legislature to enable counties to
7 utilize design-build for buildings and county sanitation wastewater
8 treatment facilities. It is not the intent of the Legislature to
9 authorize this procedure for other infrastructure, including, but not
10 limited to, streets and highways, public rail transit, or water
11 resources facilities and infrastructures.

12 (2) The Legislature also finds and declares that utilizing a
13 design-build contract requires a clear understanding of the roles
14 and responsibilities of each participant in the design-build process.

15 (3) (A) For contracts for public works projects awarded prior
16 ~~to the effective date of regulations adopted by the Department of~~
17 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
18 ~~of the Labor Code, January 1, 2012,~~ if the board of supervisors
19 elects to proceed under this section, the board of supervisors shall
20 establish and enforce a labor compliance program containing the
21 requirements outlined in Section 1771.5 of the Labor Code, or it
22 shall contract with a third party to operate a labor compliance
23 program containing the requirements outlined in Section 1771.5
24 of the Labor Code. This requirement shall not apply to any projects
25 where the county or the design-build entity has entered into a
26 collective bargaining agreement that binds all of the contractors
27 performing work on the projects.

28 (B) For contracts for public works projects awarded on or after
29 ~~the effective date of regulations adopted by the Department of~~
30 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
31 ~~of the Labor Code, the board of supervisors shall reimburse the~~
32 ~~department for its reasonable and directly related costs of~~
33 ~~performing prevailing wage monitoring and enforcement on public~~
34 ~~works projects pursuant to rates established by the department as~~
35 ~~set forth in subdivision (h) of Section 1771.5 of the Labor Code.~~
36 ~~All moneys collected pursuant to this paragraph shall be deposited~~
37 ~~in the State Public Works Enforcement Fund created by Section~~
38 ~~1771.3 of the Labor Code, and shall be used only for enforcement~~
39 ~~of prevailing wage requirements on those projects. January 1,~~

1 2012, the project shall be subject to the requirements of Section
2 1771.4 of the Labor Code.

3 ~~(C) In lieu of reimbursing the Department of Industrial Relations~~
4 ~~for its reasonable and directly related costs of performing~~
5 ~~monitoring and enforcement on public works projects, the board~~
6 ~~of supervisors may elect to continue operating an existing~~
7 ~~previously approved labor compliance program to monitor and~~
8 ~~enforce prevailing wage requirements on the project if it has either~~
9 ~~not contracted with a third party to conduct its labor compliance~~
10 ~~program and requests and receives approval from the department~~
11 ~~to continue its existing program or it enters into a collective~~
12 ~~bargaining agreement that binds all of the contractors performing~~
13 ~~work on the project and that includes a mechanism for resolving~~
14 ~~disputes about the payment of wages.~~

15 (c) As used in this section:

16 (1) “Best value” means a value determined by objective criteria
17 related to price, features, functions, and life-cycle costs.

18 (2) “Design-build” means a procurement process in which both
19 the design and construction of a project are procured from a single
20 entity.

21 (3) “Design-build entity” means a partnership, corporation, or
22 other legal entity that is able to provide appropriately licensed
23 contracting, architectural, and engineering services as needed
24 pursuant to a design-build contract.

25 (4) “Project” means the construction of a building and
26 improvements directly related to the construction of a building,
27 and county sanitation wastewater treatment facilities, but does not
28 include the construction of other infrastructure, including, but not
29 limited to, streets and highways, public rail transit, or water
30 resources facilities and infrastructure.

31 (d) Design-build projects shall progress in a four-step process,
32 as follows:

33 (1) (A) The county shall prepare a set of documents setting
34 forth the scope of the project. The documents may include, but are
35 not limited to, the size, type, and desired design character of the
36 public improvement, performance specifications covering the
37 quality of materials, equipment, and workmanship, preliminary
38 plans or building layouts, or any other information deemed
39 necessary to describe adequately the county’s needs. The
40 performance specifications and any plans shall be prepared by a

1 design professional who is duly licensed and registered in
2 California.

3 (B) Any architect or engineer retained by the county to assist
4 in the development of the project-specific documents shall not be
5 eligible to participate in the preparation of a bid with any
6 design-build entity for that project.

7 (2) (A) Based on the documents prepared in paragraph (1), the
8 county shall prepare a request for proposals that invites interested
9 parties to submit competitive sealed proposals in the manner
10 prescribed by the county. The request for proposals shall include,
11 but is not limited to, the following elements:

12 (i) Identification of the basic scope and needs of the project or
13 contract, the expected cost range, and other information deemed
14 necessary by the county to inform interested parties of the
15 contracting opportunity, to include the methodology that will be
16 used by the county to evaluate proposals and specifically if the
17 contract will be awarded to the lowest responsible bidder.

18 (ii) Significant objective factors that the county reasonably
19 expects to consider in evaluating proposals, including cost or price
20 and all nonprice-related factors.

21 (iii) The relative importance of weight assigned to each of the
22 factors identified in the request for proposals.

23 (B) With respect to clause (iii) of subparagraph (A), if a
24 nonweighted system is used, the agency shall specifically disclose
25 whether all evaluation factors other than cost or price when
26 combined are:

27 (i) Significantly more important than cost or price.

28 (ii) Approximately equal in importance to cost or price.

29 (iii) Significantly less important than cost or price.

30 (C) If the county chooses to reserve the right to hold discussions
31 or negotiations with responsive bidders, it shall so specify in the
32 request for proposal and shall publish separately or incorporate
33 into the request for proposal applicable rules and procedures to be
34 observed by the county to ensure that any discussions or
35 negotiations are conducted in good faith.

36 (3) (A) The county shall establish a procedure to prequalify
37 design-build entities using a standard questionnaire developed by
38 the county. In preparing the questionnaire, the county shall consult
39 with the construction industry, including representatives of the

1 building trades and surety industry. This questionnaire shall require
2 information, including, but not limited to, all of the following:

3 (i) If the design-build entity is a partnership, limited partnership,
4 or other association, a listing of all of the partners, general partners,
5 or association members known at the time of bid submission who
6 will participate in the design-build contract, including, but not
7 limited to, mechanical subcontractors.

8 (ii) Evidence that the members of the design-build entity have
9 completed, or demonstrated the experience, competency, capability,
10 and capacity to complete, projects of similar size, scope, or
11 complexity, and that proposed key personnel have sufficient
12 experience and training to competently manage and complete the
13 design and construction of the project, as well as a financial
14 statement that assures the county that the design-build entity has
15 the capacity to complete the project.

16 (iii) The licenses, registration, and credentials required to design
17 and construct the project, including information on the revocation
18 or suspension of any license, credential, or registration.

19 (iv) Evidence that establishes that the design-build entity has
20 the capacity to obtain all required payment and performance
21 bonding, liability insurance, and errors and omissions insurance.

22 (v) Any prior serious or willful violation of the California
23 Occupational Safety and Health Act of 1973, contained in Part 1
24 (commencing with Section 6300) of Division 5 of the Labor Code,
25 or the federal Occupational Safety and Health Act of 1970 (Public
26 Law 91-596), settled against any member of the design-build entity,
27 and information concerning workers' compensation experience
28 history and worker safety program.

29 (vi) Information concerning any debarment, disqualification,
30 or removal from a federal, state, or local government public works
31 project. Any instance in which an entity, its owners, officers, or
32 managing employees submitted a bid on a public works project
33 and were found to be nonresponsive, or were found by an awarding
34 body not to be a responsible bidder.

35 (vii) Any instance in which the entity, or its owners, officers,
36 or managing employees, defaulted on a construction contract.

37 (viii) Any violations of the Contractors' State License Law
38 (Chapter 9 (commencing with Section 7000) of Division 3 of the
39 Business and Professions Code), excluding alleged violations of
40 federal or state law including the payment of wages, benefits,

1 apprenticeship requirements, or personal income tax withholding,
2 or of Federal Insurance Contributions Act (FICA; 26 U.S.C. Sec.
3 3101 et seq.) withholding requirements settled against any member
4 of the design-build entity.

5 (ix) Information concerning the bankruptcy or receivership of
6 any member of the design-build entity, including information
7 concerning any work completed by a surety.

8 (x) Information concerning all settled adverse claims, disputes,
9 or lawsuits between the owner of a public works project and any
10 member of the design-build entity during the five years preceding
11 submission of a bid pursuant to this section, in which the claim,
12 settlement, or judgment exceeds fifty thousand dollars (\$50,000).
13 Information shall also be provided concerning any work completed
14 by a surety during this period.

15 (xi) In the case of a partnership or an association that is not a
16 legal entity, a copy of the agreement creating the partnership or
17 association and specifying that all partners or association members
18 agree to be fully liable for the performance under the design-build
19 contract.

20 (xii) (I) Any instance in which the entity, or any of its members,
21 owners, officers, or managing employees was, during the five years
22 preceding submission of a bid pursuant to this section, determined
23 by a court of competent jurisdiction to have submitted, or legally
24 admitted for purposes of a criminal plea to have submitted either
25 of the following:

26 (ia) Any claim to any public agency or official in violation of
27 the federal False Claims Act (31 U.S.C. Sec. 3729 et seq.).

28 (ib) Any claim to any public official in violation of the
29 California False Claims Act (Article 9 (commencing with Section
30 12650) of Chapter 6 of Part 2 of Division 3 of *Title 2* of the
31 Government Code).

32 (II) Information provided pursuant to this subdivision shall
33 include the name and number of any case filed, the court in which
34 it was filed, and the date on which it was filed. The entity may
35 also provide further information regarding any such instance,
36 including any mitigating or extenuating circumstances that the
37 entity wishes the county to consider.

38 (B) The information required pursuant to this subdivision shall
39 be verified under oath by the entity and its members in the manner
40 in which civil pleadings in civil actions are verified. Information

1 that is not a public record pursuant to the California Public Records
2 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
3 of Title 1 of the Government Code) shall not be open to public
4 inspection.

5 (4) The county shall establish a procedure for final selection of
6 the design-build entity. Selection shall be based on either of the
7 following criteria:

8 (A) A competitive bidding process resulting in lump-sum bids
9 by the prequalified design-build entities. Awards shall be made to
10 the lowest responsible bidder.

11 (B) A county may use a design-build competition based upon
12 best value and other criteria set forth in paragraph (2). The
13 design-build competition shall include the following elements:

14 (i) Competitive proposals shall be evaluated by using only the
15 criteria and selection procedures specifically identified in the
16 request for proposal. However, the following minimum factors
17 shall each represent at least 10 percent of the total weight of
18 consideration given to all criteria factors: price, technical design,
19 and construction expertise, life-cycle costs over 15 years or more,
20 skilled labor force availability, and acceptable safety record.

21 (ii) Once the evaluation is complete, the top three responsive
22 bidders shall be ranked sequentially from the most advantageous
23 to the least.

24 (iii) The award of the contract shall be made to the responsible
25 bidder whose proposal is determined, in writing, to be the most
26 advantageous.

27 (iv) Notwithstanding any provision of this code, upon issuance
28 of a contract award, the county shall publicly announce its award,
29 identifying the contractor to whom the award is made, along with
30 a written decision supporting its contract award and stating the
31 basis of the award. The notice of award shall also include the
32 county's second and third ranked design-build entities.

33 (v) For purposes of this paragraph, "skilled labor force
34 availability" shall be determined by the existence of an agreement
35 with a registered apprenticeship program, approved by the
36 California Apprenticeship Council, which has graduated
37 apprentices in each of the preceding five years. This graduation
38 requirement shall not apply to programs providing apprenticeship
39 training for any craft that has been deemed by the Department of

1 Labor and the Department of Industrial Relations to be an
2 apprenticeable craft in the five years prior to enactment of this act.

3 (vi) For purposes of this paragraph, a bidder’s “safety record”
4 shall be deemed “acceptable” if its experience modification rate
5 for the most recent three-year period is an average of 1.00 or less,
6 and its average total recordable injury/illness rate and average lost
7 work rate for the most recent three-year period does not exceed
8 the applicable statistical standards for its business category or if
9 the bidder is a party to an alternative dispute resolution system as
10 provided for in Section 3201.5 of the Labor Code.

11 (e) (1) Any design-build entity that is selected to design and
12 build a project pursuant to this section shall possess or obtain
13 sufficient bonding to cover the contract amount for nondesign
14 services, and errors and omission insurance coverage sufficient to
15 cover all design and architectural services provided in the contract.
16 This section does not prohibit a general or engineering contractor
17 from being designated the lead entity on a design-build entity for
18 the purposes of purchasing necessary bonding to cover the activities
19 of the design-build entity.

20 (2) Any payment or performance bond written for the purposes
21 of this section shall be written using a bond form developed by
22 the county.

23 (f) All subcontractors that were not listed by the design-build
24 entity in accordance with clause (i) of subparagraph (A) of
25 paragraph (3) of subdivision (d) shall be awarded by the
26 design-build entity in accordance with the design-build process
27 set forth by the county in the design-build package. All
28 subcontractors bidding on contracts pursuant to this section shall
29 be afforded the protections contained in Chapter 4 (commencing
30 with Section 4100) of Part 1. The design-build entity shall do both
31 of the following:

32 (1) Provide public notice of the availability of work to be
33 subcontracted in accordance with the publication requirements
34 applicable to the competitive bidding process of the county.

35 (2) Provide a fixed date and time on which the subcontracted
36 work will be awarded in accordance with the procedure established
37 pursuant to this section.

38 (g) Lists of subcontractors, bidders, and bid awards relating to
39 the project shall be submitted by the design-build entity to the
40 awarding body within 14 days of the award. These documents are

1 deemed to be public records and shall be available for public
2 inspection pursuant to this chapter and Article 1 (commencing
3 with Section 6250) of Chapter 3.5 of Division 7 of *Title 1* of the
4 Government Code.

5 (h) The minimum performance criteria and design standards
6 established pursuant to paragraph (1) of subdivision (d) shall be
7 adhered to by the design-build entity. Any deviations from those
8 standards may only be allowed by written consent of the county.

9 (i) The county may retain the services of a design professional
10 or construction project manager, or both, throughout the course of
11 the project in order to ensure compliance with this section.

12 (j) Contracts awarded pursuant to this section shall be valid until
13 the project is completed.

14 (k) Nothing in this section is intended to affect, expand, alter,
15 or limit any rights or remedies otherwise available at law.

16 (l) (1) If the county elects to award a project pursuant to this
17 section, retention proceeds withheld by the county from the
18 design-build entity shall not exceed 5 percent if a performance and
19 payment bond, issued by an admitted surety insurer, is required in
20 the solicitation of bids.

21 (2) In a contract between the design-build entity and the
22 subcontractor, and in a contract between a subcontractor and any
23 subcontractor thereunder, the percentage of the retention proceeds
24 withheld may not exceed the percentage specified in the contract
25 between the county and the design-build entity. If the design-build
26 entity provides written notice to any subcontractor who is not a
27 member of the design-build entity, prior to or at the time the bid
28 is requested, that a bond may be required and the subcontractor
29 subsequently is unable or refuses to furnish a bond to the
30 design-build entity, then the design-build entity may withhold
31 retention proceeds in excess of the percentage specified in the
32 contract between the county and the design-build entity from any
33 payment made by the design-build entity to the subcontractor.

34 (m) Each county that elects to proceed under this section and
35 uses the design-build method on a public works project shall submit
36 to the Legislative Analyst's Office before September 1, 2013, a
37 report containing a description of each public works project
38 procured through the design-build process and completed after
39 November 1, 2009, and before August 1, 2013. The report shall
40 include, but shall not be limited to, all of the following information:

- 1 (1) The type of project.
- 2 (2) The gross square footage of the project.
- 3 (3) The design-build entity that was awarded the project.
- 4 (4) The estimated and actual length of time to complete the
5 project.
- 6 (5) The estimated and actual project costs.
- 7 (6) Whether the project was met or altered.
- 8 (7) The number and amount of project change orders.
- 9 (8) A description of any written protests concerning any aspect
10 of the solicitation, bid, proposal, or award of the design-build
11 project, including the resolution of the protests.
- 12 (9) An assessment of the prequalification process and criteria.
- 13 (10) An assessment of the effect of retaining 5 percent retention
14 on the project.
- 15 (11) A description of the Labor Force Compliance Program and
16 an assessment of the project impact, where required.
- 17 (12) A description of the method used to award the contract. If
18 best value was the method, the report shall describe the factors
19 used to evaluate the bid, including the weighting of each factor
20 and an assessment of the effectiveness of the methodology.
- 21 (13) An assessment of the project impact of “skilled labor force
22 availability.”
- 23 (14) An assessment of the design-build dollar limits on county
24 projects. This assessment shall include projects where the county
25 wanted to use design-build and was precluded by the dollar
26 limitation. This assessment shall also include projects where the
27 best value method was not used due to dollar limitations.
- 28 (15) An assessment of the most appropriate uses for the
29 design-build approach.
- 30 (n) Any county that elects not to use the authority granted by
31 this section may submit a report to the Legislative Analyst’s Office
32 explaining why the county elected not to use the design-build
33 method.
- 34 (o) On or before January 1, 2014, the Legislative Analyst shall
35 report to the Legislature on the use of the design-build method by
36 counties pursuant to this section, including the information listed
37 in subdivisions (m) and (p). The report may include
38 recommendations for modifying or extending this section.
- 39 (p) The Legislative Analyst shall complete a fact-based analysis
40 of the use of the design-build method by counties pursuant to this

1 section, utilizing the information provided pursuant to subdivision
2 (m) and any independent information provided by the public or
3 interested parties. The Legislative Analyst shall select a
4 representative sample of projects under this section and review
5 available public records and reports, media reports, and related
6 information in its analysis. The Legislative Analyst shall compile
7 the information required to be analyzed pursuant to this subdivision
8 into a report, which shall be provided to the Legislature. The report
9 shall include conclusions describing the actual cost of projects
10 procured pursuant to this section, whether the project schedule
11 was met or altered, and whether projects needed or used project
12 change orders.

13 (q) Except as provided in this section, this act shall not be
14 construed to affect the application of any other law.

15 (r) This section shall remain in effect only until July 1, 2016,
16 and as of that date is repealed, unless a later enacted statute, that
17 is enacted before July 1, 2016, deletes or extends that date.

18 *SEC. 79. Section 20175.2 of the Public Contract Code is*
19 *amended to read:*

20 20175.2. (a) (1) A city, with approval of the appropriate city
21 council, may utilize an alternative procedure for bidding on
22 building construction projects in the city in excess of one million
23 dollars (\$1,000,000), except as provided in subdivision (p).

24 (2) Cities may award the project using either the lowest
25 responsible bidder or by best value.

26 (b) (1) It is the intent of the Legislature to enable cities to utilize
27 cost-effective options for building and modernizing public
28 facilities. The Legislature also recognizes the national trend,
29 including authorization in California, to allow public entities to
30 utilize design-build contracts as a project delivery method. It is
31 not the intent of the Legislature to authorize this procedure for
32 transportation facilities, including, but not limited to, roads and
33 bridges.

34 (2) The Legislature also finds and declares that utilizing a
35 design-build contract requires a clear understanding of the roles
36 and responsibilities of each participant in the design-build process.
37 The Legislature also finds that the cost-effective benefits to cities
38 are achieved by shifting the liability and risk for cost containment
39 and project completion to the design-build entity.

1 (3) It is the intent of the Legislature to provide an alternative
2 and optional procedure for bidding and building construction
3 projects for cities.

4 (4) The design-build approach may be used, but is not limited
5 to use, when it is anticipated that it will: reduce project cost,
6 expedite project completion, or provide design features not
7 achievable through the design-bid-build method.

8 (5) (A) For contracts for public works projects awarded prior
9 ~~to the effective date of the regulations adopted by the Department~~
10 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
11 ~~of the Labor Code, January 1, 2012, if a city council elects to~~
12 ~~proceed under this section, the city council shall establish and~~
13 ~~enforce a labor compliance program containing the requirements~~
14 ~~outlined in Section 1771.5 of the Labor Code, or it shall contract~~
15 ~~with a third party to operate a labor compliance program containing~~
16 ~~the requirements outlined in Section 1771.5 of the Labor Code.~~
17 This requirement shall not apply to any project where the city or
18 the design-build entity has entered into a collective bargaining
19 agreement or agreements that bind all of the contractors performing
20 work on the projects.

21 (B) For contracts for public works projects awarded on or after
22 ~~the effective date of the regulations adopted by the Department of~~
23 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
24 ~~of the Labor Code, the city council shall reimburse the department~~
25 ~~for its reasonable and directly related costs of performing prevailing~~
26 ~~wage monitoring and enforcement on public works projects~~
27 ~~pursuant to rates established by the department as set forth in~~
28 ~~subdivision (h) of Section 1771.5 of the Labor Code. All moneys~~
29 ~~collected pursuant to this paragraph shall be deposited in the State~~
30 ~~Public Works Enforcement Fund created by Section 1771.3 of the~~
31 ~~Labor Code, and shall be used only for enforcement of prevailing~~
32 ~~wage requirements on those projects. January 1, 2012, the project~~
33 ~~shall be subject to the requirements of Section 1771.4 of the Labor~~
34 ~~Code.~~

35 (C) ~~In lieu of reimbursing the Department of Industrial Relations~~
36 ~~for its reasonable and directly related costs of performing~~
37 ~~monitoring and enforcement on public works projects, the city~~
38 ~~council may elect to continue operating an existing previously~~
39 ~~approved labor compliance program to monitor and enforce~~
40 ~~prevailing wage requirements on the project if it has either not~~

1 ~~contracted with a third party to conduct its labor compliance~~
2 ~~program and requests and receives approval from the department~~
3 ~~to continue its existing program or it enters into a collective~~
4 ~~bargaining agreement that binds all of the contractors performing~~
5 ~~work on the project and that includes a mechanism for resolving~~
6 ~~disputes about the payment of wages.~~

7 (c) As used in this section:

8 (1) “Best value” means a value determined by objectives relative
9 to price, features, functions, and life-cycle costs.

10 (2) “Design-build” means a procurement process in which both
11 the design and construction of a project are procured from a single
12 entity.

13 (3) “Design-build entity” means a partnership, corporation, or
14 other legal entity that is able to provide appropriately licensed
15 contracting, architectural, and engineering services, as needed,
16 pursuant to a design-build contract.

17 (4) “Project” means the construction of a building and
18 improvements directly related to the construction of a building,
19 but does not include streets and highways, public rail transit, or
20 water resource facilities and infrastructure.

21 (d) Design-build projects shall progress in a four-step process,
22 as follows:

23 (1) (A) The city shall prepare a set of documents setting forth
24 the scope of the project. The documents may include, but are not
25 limited to, the size, type, and desired design character of the
26 buildings and site, performance specifications covering the quality
27 of materials, equipment, and workmanship, preliminary plans or
28 building layouts, or any other information deemed necessary to
29 describe adequately the city’s needs. The performance
30 specifications and any plans shall be prepared by a design
31 professional who is duly licensed and registered in California.

32 (B) Any architect or engineer retained by the city to assist in
33 the development of the project-specific documents shall not be
34 eligible to participate in the preparation of a bid with any
35 design-build entity for that project.

36 (2) (A) Based on the documents prepared in paragraph (1), the
37 city shall prepare a request for proposals that invites interested
38 parties to submit competitive sealed proposals in the manner
39 prescribed by the city. The request for proposals shall include, but
40 is not limited to, the following elements:

1 (i) Identification of the basic scope and needs of the project or
2 contract, the expected cost range, and other information deemed
3 necessary by the city to inform interested parties of the contracting
4 opportunity, to include the methodology that will be used by the
5 city to evaluate proposals, and specifically if the contract will be
6 awarded to the lowest responsible bidder.

7 (ii) Significant objective factors which the city reasonably
8 expects to consider in evaluating proposals, including cost or price
9 and all nonprice related factors.

10 (iii) The relative importance or weight assigned to each of the
11 factors identified in the request for proposals.

12 (B) With respect to clause (iii) of subparagraph (A), if a
13 nonweighted system is used, the agency shall specifically disclose
14 whether all evaluation factors, other than cost or price, when
15 combined are:

16 (i) Significantly more important than cost or price.

17 (ii) Approximately equal in importance to cost or price.

18 (iii) Significantly less important than cost or price.

19 (C) If the city chooses to reserve the right to hold discussions
20 or negotiations with responsive bidders, it shall so specify in the
21 request for proposal and shall publish separately, or incorporate
22 into the request for proposal, applicable rules and procedures to
23 be observed by the city to ensure that any discussions or
24 negotiations are conducted in good faith.

25 (3) (A) The city shall establish a procedure to prequalify
26 design-build entities using a standard questionnaire developed by
27 the city. In preparing the questionnaire, the city shall consult with
28 the construction industry, including representatives of the building
29 trades and surety industry. This questionnaire shall require
30 information including, but not limited to, all of the following:

31 (i) If the design-build entity is a partnership, limited partnership,
32 or other association, a listing of all of the partners, general partners,
33 or association members known at the time of bid submission who
34 will participate in the design-build contract, including, but not
35 limited to, mechanical subcontractors.

36 (ii) Evidence that the members of the design-build entity have
37 completed, or demonstrated the experience, competency, capability,
38 and capacity to complete projects of similar size, scope, or
39 complexity, and that proposed key personnel have sufficient
40 experience and training to competently manage and complete the

1 design and construction of the project, as well as a financial
2 statement that assures the city that the design-build entity has the
3 capacity to complete the project.

4 (iii) The licenses, registration, and credentials required to design
5 and construct the project, including information on the revocation
6 or suspension of any license, credential, or registration.

7 (iv) Evidence that establishes that the design-build entity has
8 the capacity to obtain all required payment and performance
9 bonding, liability insurance, and errors and omissions insurance.

10 (v) Any prior serious or willful violation of the California
11 Occupational Safety and Health Act of 1973, contained in Part 1
12 (commencing with Section 6300) of Division 5 of the Labor Code
13 or the federal Occupational Safety and Health Act of 1970 (Public
14 Law 91-596) settled against any member of the design-build entity,
15 and information concerning workers' compensation experience
16 history and worker safety program.

17 (vi) Information concerning any debarment, disqualification,
18 or removal from a federal, state, or local government public works
19 project. Any instance where an entity, its owners, officers, or
20 managing employees submitted a bid on a public works project
21 and were found to be nonresponsive, or were found by an awarding
22 body not to be a responsible bidder.

23 (vii) Any instance where the entity, its owners, officers, or
24 managing employees defaulted on a construction contract.

25 (viii) Any violations of the Contractors State License Law
26 (Chapter 9 (commencing with Section 7000) of Division 3 of the
27 Business and Professions Code), excluding alleged violations of
28 federal or state law including the payment of wages, benefits,
29 apprenticeship requirements, or personal income tax withholding,
30 or of Federal Insurance Contribution Act (~~FICA~~) (*FICA*; 26 U.S.C.
31 *Sec. 3101 et seq.*) withholding requirements settled against any
32 member of the design-build entity.

33 (ix) Information concerning the bankruptcy or receivership of
34 any member of the design-build entity, including information
35 concerning any work completed by a surety.

36 (x) Information concerning all settled adverse claims, disputes,
37 or lawsuits between the owner of a public works project and any
38 member of the design-build entity during the five years preceding
39 submission of a bid pursuant to this section, in which the claim,
40 settlement, or judgment exceeds fifty thousand dollars (\$50,000).

1 Information shall also be provided concerning any work completed
2 by a surety during this period.

3 (xi) In the case of a partnership or an association that is not a
4 legal entity, a copy of the agreement creating the partnership or
5 association and specifying that all partners or association members
6 agree to be fully liable for the performance under the design-build
7 contract.

8 (xii) (I) Any instance in which the entity, or any of its members,
9 owners, officers, or managing employees was, during the five years
10 preceding submission of a bid pursuant to this section, determined
11 by a court of competent jurisdiction to have submitted, or legally
12 admitted for purposes of a criminal plea to have submitted either
13 of the following:

14 (ia) Any claim to any public agency or official in violation of
15 the federal False Claims Act (31 U.S.C. Sec. 3729 et seq.).

16 (ib) Any claim to any public official in violation of the
17 California False Claims Act (Article 9 (commencing with Section
18 12650) of Chapter 6 of Part 2 of Division 3 of *Title 2* of the
19 Government Code).

20 (II) Information provided pursuant to this subdivision shall
21 include the name and number of any case filed, the court in which
22 it was filed, and the date on which it was filed. The entity may
23 also provide further information regarding any such instance,
24 including any mitigating or extenuating circumstances that the
25 entity wishes the city to consider.

26 (B) The information required pursuant to this subdivision shall
27 be verified under oath by the entity and its members in the manner
28 in which civil pleadings in civil actions are verified. Information
29 that is not a public record pursuant to the California Public Records
30 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
31 of Title 1 of the Government Code) shall not be open to public
32 inspection.

33 (4) The city shall establish a procedure for final selection of the
34 design-build entity. Selection shall be based on either of the
35 following criteria:

36 (A) A competitive bidding process resulting in lump-sum bids
37 by the prequalified design-build entities. Awards shall be made to
38 the lowest responsible bidder.

39 (B) The city may use a design-build competition based upon
40 best value and other criteria set forth in paragraph (2) of

1 subdivision (d). The design-build competition shall include the
2 following elements:

3 (i) Competitive proposals shall be evaluated by using only the
4 criteria and selection procedures specifically identified in the
5 request for proposal. However, the following minimum factors
6 shall each represent at least 10 percent of the total weight of
7 consideration given to all criteria factors: price, technical design
8 and construction expertise, life-cycle costs over 15 years or more,
9 skilled labor force availability, and acceptable safety record.

10 (ii) Once the evaluation is complete, the top three responsive
11 bidders shall be ranked sequentially from the most advantageous
12 to the least.

13 (iii) The award of the contract shall be made to the responsible
14 bidder whose proposal is determined, in writing, to be the most
15 advantageous.

16 (iv) Notwithstanding any provision of this code, upon issuance
17 of a contract award, the city shall publicly announce its award,
18 identifying the contractor to whom the award is made, along with
19 a written decision supporting its contract award and stating the
20 basis of the award. The notice of award shall also include the city's
21 second and third ranked design-build entities.

22 (v) For purposes of this paragraph, "skilled labor force
23 availability" shall be determined by the existence of an agreement
24 with a registered apprenticeship program, approved by the
25 California Apprenticeship Council, which has graduated
26 apprentices in each of the preceding five years. This graduation
27 requirement shall not apply to programs providing apprenticeship
28 training for any craft that has been deemed by the Department of
29 Labor and the Department of Industrial Relations to be an
30 apprenticeable craft in the five years prior to enactment of this act.

31 (vi) For purposes of this paragraph, a bidder's "safety record"
32 shall be deemed "acceptable" if its experience modification rate
33 for the most recent three-year period is an average of 1.00 or less,
34 and its average total recordable injury/illness rate and average lost
35 work rate for the most recent three-year period does not exceed
36 the applicable statistical standards for its business category, or if
37 the bidder is a party to an alternative dispute resolution system, as
38 provided for in Section 3201.5 of the Labor Code.

39 (e) (1) Any design-build entity that is selected to design and
40 build a project pursuant to this section shall possess or obtain

1 sufficient bonding to cover the contract amount for nondesign
2 services and errors and omissions insurance coverage sufficient
3 to cover all design and architectural services provided in the
4 contract. This section does not prohibit a general or engineering
5 contractor from being designated the lead entity on a design-build
6 entity for the purposes of purchasing necessary bonding to cover
7 the activities of the design-build entity.

8 (2) Any payment or performance bond written for the purposes
9 of this section shall be written using a bond form developed by
10 the city.

11 (f) All subcontractors that were not listed by the design-build
12 entity in accordance with clause (i) of subparagraph (A) of
13 paragraph (3) of subdivision (d) shall be awarded by the
14 design-build entity in accordance with the design-build process
15 set forth by the city in the design-build package. All subcontractors
16 bidding on contracts pursuant to this section shall be afforded the
17 protections contained in Chapter 4 (commencing with Section
18 4100) of Part 1. The design-build entity shall do both of the
19 following:

20 (1) Provide public notice of the availability of work to be
21 subcontracted in accordance with the publication requirements
22 applicable to the competitive bidding process of the city.

23 (2) Provide a fixed date and time on which the subcontracted
24 work will be awarded in accordance with the procedure established
25 pursuant to this section.

26 (g) Lists of subcontractors, bidders, and bid awards relating to
27 the project shall be submitted by the design-build entity to the
28 awarding body within 14 days of the award. These documents are
29 deemed to be public records and shall be available for public
30 inspection pursuant to this chapter and Article 1 (commencing
31 with Section 6250) of Chapter 3.5 of Division 7 of *Title 1* of the
32 Government Code.

33 (h) The minimum performance criteria and design standards
34 established pursuant to paragraph (1) of subdivision (d) shall be
35 adhered to by the design-build entity. Any deviations from those
36 standards may only be allowed by written consent of the city.

37 (i) The city may retain the services of a design professional or
38 construction project manager, or both, throughout the course of
39 the project in order to ensure compliance with this section.

- 1 (j) Contracts awarded pursuant to this section shall be valid until
2 the project is completed.
- 3 (k) Nothing in this section is intended to affect, expand, alter,
4 or limit any rights or remedies otherwise available at law.
- 5 (l) (1) If the city elects to award a project pursuant to this
6 section, retention proceeds withheld by the city from the
7 design-build entity shall not exceed 5 percent if a performance and
8 payment bond, issued by an admitted surety insurer, is required in
9 the solicitation of bids.
- 10 (2) In a contract between the design-build entity and the
11 subcontractor, and in a contract between a subcontractor and any
12 subcontractor thereunder, the percentage of the retention proceeds
13 withheld may not exceed the percentage specified in the contract
14 between the city and the design-build entity. If the design-build
15 entity provides written notice to any subcontractor who is not a
16 member of the design-build entity, prior to or at the time the bid
17 is requested, that a bond may be required and the subcontractor
18 subsequently is unable or refuses to furnish a bond to the
19 design-build entity, then the design-build entity may withhold
20 retention proceeds in excess of the percentage specified in the
21 contract between the city and the design-build entity from any
22 payment made by the design-build entity to the subcontractor.
- 23 (m) Each city that elects to proceed under this section and uses
24 the design-build method on a public works project shall submit to
25 the Legislative Analyst’s Office before December 1, 2014, a report
26 containing a description of each public works project procured
27 through the design-build process that is completed after January
28 1, 2011, and before November 1, 2014. The report shall include,
29 but shall not be limited to, all of the following information:
 - 30 (1) The type of project.
 - 31 (2) The gross square footage of the project.
 - 32 (3) The design-build entity that was awarded the project.
 - 33 (4) The estimated and actual project costs.
 - 34 (5) The estimated and actual length of time to complete the
35 project.
 - 36 (6) A description of any written protests concerning any aspect
37 of the solicitation, bid, proposal, or award of the design-build
38 project, including the resolution of the protests.
 - 39 (7) An assessment of the prequalification process and criteria.

1 (8) An assessment of the effect of retaining 5 percent retention
2 on the project.

3 (9) A description of the Labor Force Compliance Program and
4 an assessment of the project impact, where required.

5 (10) A description of the method used to award the contract. If
6 the best value method was used, the report shall describe the factors
7 used to evaluate the bid, including the weighting of each factor
8 and an assessment of the effectiveness of the methodology.

9 (11) An assessment of the project impact of “skilled labor force
10 availability.”

11 (12) An assessment of the most appropriate uses for the
12 design-build approach.

13 (n) Any city that elects not to use the authority granted by this
14 section may submit a report to the Legislative Analyst’s Office
15 explaining why the city elected not to use the design-build method.

16 (o) On or before January 1, 2015, the Legislative Analyst’s
17 Office shall report to the Legislature on the use of the design-build
18 method by cities pursuant to this section, including the information
19 listed in subdivision (m). The report may include recommendations
20 for modifying or extending this section.

21 (p) Except as provided in this section, nothing in this act shall
22 be construed to affect the application of any other law.

23 (q) Before January 1, 2011, the project limitation of one million
24 dollars (\$1,000,000), as set forth in subdivision (a), shall not apply
25 to any city in the Counties of Solano and Yolo, or to the Cities of
26 Stanton and Victorville.

27 (r) This section shall remain in effect only until January 1, 2016,
28 and as of that date is repealed, unless a later enacted statute, that
29 is enacted before January 1, 2016, deletes or extends that date.

30 *SEC. 80. Section 20193 of the Public Contract Code is amended*
31 *to read:*

32 20193. (a) (1) Notwithstanding any other law and subject to
33 the limitations of this article, a qualified entity, with approval of
34 its governing body, may utilize an alternative procedure on bidding
35 on projects in excess of two million five hundred thousand dollars
36 (\$2,500,000).

37 (2) Only 20 design-build projects shall be authorized under this
38 article.

39 (3) A qualified entity may award a project using either the lowest
40 responsible bidder or by best value.

1 (4) For purposes of this article, “qualified entity” means an
 2 entity that meets both of the following:
 3 (A) The entity is any of the following:
 4 (i) A city.
 5 (ii) A county.
 6 (iii) A city and county.
 7 (iv) A special district.
 8 (B) The entity operates wastewater facilities, solid waste
 9 management facilities, or water recycling facilities.

10 (b) (1) For contracts for public works projects awarded prior
 11 ~~to the effective date of the regulations adopted by the Department~~
 12 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
 13 ~~of the Labor Code, January 1, 2012, if a qualified entity elects to~~
 14 proceed under this section, the qualified entity shall establish and
 15 enforce a labor compliance program containing the requirements
 16 outlined in Section 1771.5 of the Labor Code, or it shall contract
 17 with a third party to operate a labor compliance program containing
 18 the requirements outlined in Section 1771.5 of the Labor Code.
 19 This requirement shall not apply to projects where the qualified
 20 entity or the design-build entity has entered into a collective
 21 bargaining agreement or agreements that bind all of the contractors
 22 performing work on the projects.

23 (2) For contracts for public works projects awarded on or after
 24 ~~the effective date of the regulations adopted by the Department of~~
 25 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
 26 ~~of the Labor Code, the qualified entity shall reimburse the~~
 27 ~~department for its reasonable and directly related costs of~~
 28 ~~performing prevailing wage monitoring and enforcement on public~~
 29 ~~works projects pursuant to rates established by the department as~~
 30 ~~set forth in subdivision (h) of Section 1771.5 of the Labor Code.~~
 31 ~~All moneys collected pursuant to this subdivision shall be deposited~~
 32 ~~in the State Public Works Enforcement Fund created by Section~~
 33 ~~1771.3 of the Labor Code, and shall be used only for enforcement~~
 34 ~~of prevailing wage requirements on those projects. January 1,~~
 35 ~~2012, the project shall be subject to the requirements of Section~~
 36 ~~1771.4 of the Labor Code.~~

37 (3) ~~In lieu of reimbursing the Department of Industrial Relations~~
 38 ~~for its reasonable and directly related costs of performing~~
 39 ~~monitoring and enforcement on public works projects, the qualified~~
 40 ~~entity may elect to continue operating an existing previously~~

1 ~~approved labor compliance program to monitor and enforce~~
2 ~~prevailing wage requirements on the project if it has either not~~
3 ~~contracted with a third party to conduct its labor compliance~~
4 ~~program and requests and receives approval from the department~~
5 ~~to continue its existing program or it enters into a collective~~
6 ~~bargaining agreement that binds all of the contractors performing~~
7 ~~work on the project and that includes a mechanism for resolving~~
8 ~~disputes about the payment of wages.~~

9 (c) As used in this section:

10 (1) “Best value” means a value determined by objective criteria
11 related to price, features, functions, small business contracting
12 plans, past performance, and life-cycle costs.

13 (2) “Design-build” means a procurement process in which both
14 the design and construction of a project are procured from a single
15 entity.

16 (3) “Design-build entity” means a partnership, corporation, or
17 other legal entity that is able to provide appropriately licensed
18 contracting, architectural, and engineering services as needed
19 pursuant to a design-build contract.

20 (4) “Project” means the construction of regional and local
21 wastewater treatment facilities, regional and local solid waste
22 facilities, or regional and local water recycling facilities.

23 (d) Design-build projects shall progress in a four-step process,
24 as follows:

25 (1) (A) The qualified entity shall prepare a set of documents
26 setting forth the scope of the project. The documents may include,
27 but are not limited to, the size, type, and desired design character
28 of the project and site, performance specifications covering the
29 quality of materials, equipment, and workmanship, preliminary
30 plans or project layouts, or any other information deemed necessary
31 to describe adequately the qualified entity’s needs. The
32 performance specifications and any plans shall be prepared by a
33 design professional who is duly licensed and registered in
34 California.

35 (B) Any architect or engineer retained by the qualified entity
36 to assist in the development of the project specific documents shall
37 not be eligible to participate in the preparation of a bid with any
38 design-build entity for that project.

39 (2) (A) Based on the documents prepared in paragraph (1), the
40 qualified entity shall prepare a request for proposals that invites

1 interested parties to submit competitive sealed proposals in the
2 manner prescribed by the qualified entity. The request for proposals
3 shall include, but is not limited to, the following elements:

4 (i) Identification of the basic scope and needs of the project or
5 contract, the expected cost range, and other information deemed
6 necessary by the qualified entity to inform interested parties of the
7 contracting opportunity, to include the methodology that will be
8 used by the qualified entity to evaluate proposals and specifically
9 if the contract will be awarded to the lowest responsible bidder.

10 (ii) Significant factors that the qualified entity reasonably
11 expects to consider in evaluating proposals, including cost or price
12 and all nonprice related factors.

13 (iii) The relative importance of weight assigned to each of the
14 factors identified in the request for proposals.

15 (B) With respect to clause (iii) of subparagraph (A), if a
16 nonweighted system is used, the qualified entity shall specifically
17 disclose whether all evaluation factors other than cost or price
18 when combined are:

19 (i) Significantly more important than cost or price.

20 (ii) Approximately equal in importance to cost or price.

21 (iii) Significantly less important than cost or price.

22 (C) If the qualified entity chooses to reserve the right to hold
23 discussions or negotiations with responsive bidders, it shall so
24 specify in the request for proposal and shall publish separately or
25 incorporate into the request for proposal applicable rules and
26 procedures to be observed by the qualified entity to ensure that
27 any discussions or negotiations are conducted in good faith.

28 (3) (A) The qualified entity shall establish a procedure to
29 prequalify design-build entities using a standard questionnaire
30 developed by the qualified entity. In preparing the questionnaire,
31 the qualified entity shall consult with the construction industry,
32 including representatives of the building trades and surety industry.
33 This questionnaire shall require information including, but not
34 limited to, all of the following:

35 (i) If the design-build entity is a partnership, limited partnership,
36 or other association, a listing of all of the partners, general partners,
37 or association members known at the time of bid submission who
38 will participate in the design-build contract, including, but not
39 limited to, mechanical subcontractors.

1 (ii) Evidence that the members of the design-build entity have
2 completed, or demonstrated the experience, competency, capability,
3 and capacity to complete projects of similar size, scope, or
4 complexity, and that proposed key personnel have sufficient
5 experience and training to competently manage and complete the
6 design and construction of the project, as well as a financial
7 statement that assures the special district that the design-build
8 entity has the capacity to complete the project.

9 (iii) The licenses, registration, and credentials required to design
10 and construct the project, including information on the revocation
11 or suspension of any license, credential, or registration.

12 (iv) Evidence that establishes that the design-build entity has
13 the capacity to obtain all required payment and performance
14 bonding, liability insurance, and errors and omissions insurance.

15 (v) Any prior serious or willful violation of the California
16 Occupational Safety and Health Act of 1973, contained in Part 1
17 (commencing with Section 6300) of Division 5 of the Labor Code
18 or the federal Occupational Safety and Health Act of 1970 (Public
19 Law 91-596), settled against any member of the design-build entity,
20 and information concerning workers' compensation experience
21 history and worker safety program.

22 (vi) Information concerning any debarment, disqualification,
23 or removal from a federal, state, or local government public works
24 project. Any instance where an entity, its owners, officers, or
25 managing employees submitted a bid on a public works project
26 and were found to be nonresponsive, or were found by an awarding
27 body not to be a responsible bidder.

28 (vii) Any instance where the entity, its owner, officers, or
29 managing employees defaulted on a construction contract.

30 (viii) Any violations of the Contractors' State License Law
31 (Chapter 9 (commencing with Section 7000) of Division 3 of the
32 Business and Professions Code), excluding alleged violations of
33 federal or state law including the payment of wages, benefits,
34 apprenticeship requirements, or personal income tax withholding,
35 or of Federal Insurance Contribution Act (FICA; *26 U.S.C. Sec.*
36 *3101 et seq.*) withholding requirements settled against any member
37 of the design-build entity.

38 (ix) Information concerning the bankruptcy or receivership of
39 any member of the design-build entity, including information
40 concerning any work completed by a surety.

1 (x) Information concerning all settled adverse claims, disputes,
2 or lawsuits between the owner of a public works project and any
3 member of the design-build entity during the five years preceding
4 submission of a bid pursuant to this section, in which the claim,
5 settlement, or judgment exceeds fifty thousand dollars (\$50,000).
6 Information shall also be provided concerning any work completed
7 by a surety during this period.

8 (xi) In the case of a partnership or other association, that is not
9 a legal entity, a copy of the agreement creating the partnership or
10 association and specifying that all partners or association members
11 agree to be fully liable for the performance under the design-build
12 contract.

13 (B) The information required pursuant to this subdivision shall
14 be verified under oath by the entity and its members in the manner
15 in which civil pleadings in civil actions are verified. Information
16 that is not a public record pursuant to the California Public Records
17 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
18 of Title 1 of the Government Code) shall not be open to public
19 inspection.

20 (4) The qualified entity shall establish a procedure for final
21 selection of the design-build entity. Selection shall be based on
22 either of the following criteria:

23 (A) A competitive bidding process resulting in lump-sum bids
24 by the prequalified design-build entities. Awards shall be made to
25 the lowest responsible bidder.

26 (B) A qualified entity may use a design-build competition based
27 upon best value and other criteria set forth in paragraph (2) of
28 subdivision (d). The design-build competition shall include the
29 following elements:

30 (i) Competitive proposals shall be evaluated by using only the
31 criteria and selection procedures specifically identified in the
32 request for proposal. However, the following minimum factors
33 shall each represent at least 10 percent of the total weight of
34 consideration given to all criteria factors; price, technical design
35 and construction expertise, life-cycle costs over 15 years or more,
36 skilled labor force availability, and acceptable safety record.

37 (ii) Once the evaluation is complete, the top three responsive
38 bidders shall be ranked sequentially from the most advantageous
39 to the least.

1 (iii) The award of the contract shall be made to the responsible
2 bidder whose proposal is determined, in writing, to be the most
3 advantageous.

4 (iv) Notwithstanding any provision of this code, upon issuance
5 of a contract award, the qualified entity shall publicly announce
6 its award, identifying the contractor to which the award is made,
7 along with a written decision supporting its contract award and
8 stating the basis of the award. The notice of award shall also
9 include the qualified entity's second and third ranked design-build
10 entities.

11 (v) For purposes of this paragraph, "skilled labor force
12 availability" shall be determined by the existence of an agreement
13 with a registered apprenticeship program, approved by the
14 California Apprenticeship Council, which has graduated
15 apprentices in each of the preceding five years. This graduation
16 requirement shall not apply to programs providing apprenticeship
17 training for any craft that has been deemed by the Department of
18 Labor and the Department of Industrial Relations to be an
19 apprenticeable craft in the five years prior to enactment of this act.

20 (vi) For purposes of this paragraph, a bidder's "safety record"
21 shall be deemed "acceptable" if their experience modification rate
22 for the most recent three-year period is an average of 1.00 or less,
23 and their average total recordable injury/illness rate and average
24 lost work rate for the most recent three-year period does not exceed
25 the applicable statistical standards for its business category, or if
26 the bidder is a party to an alternative dispute resolution system as
27 provided for in Section 3201.5 of the Labor Code.

28 (e) (1) Any design-build entity that is selected to design and
29 build a project pursuant to this section shall possess or obtain
30 sufficient bonding to cover the contract amount for nondesign
31 services, and errors and omissions insurance coverage sufficient
32 to cover all design and architectural services provided in the
33 contract. This section does not prohibit a general or engineering
34 contractor from being designated the lead entity on a design-build
35 entity for the purposes of purchasing necessary bonding to cover
36 the activities of the design-build entity.

37 (2) Any payment or performance bond written for the purposes
38 of this section shall be written using a bond form developed by
39 the qualified entity.

1 (f) All subcontractors that were not listed by the design-build
2 entity in accordance with clause (i) of subparagraph (A) of
3 paragraph (3) of subdivision (d) shall be awarded by the
4 design-build entity in accordance with the design-build process
5 set forth by the qualified entity in the design-build package. All
6 subcontractors bidding on contracts pursuant to this section shall
7 be afforded the protections contained in Chapter 4 (commencing
8 with Section 4100) of Part 1. The design-build entity shall do both
9 of the following:

10 (1) Provide public notice of the availability of work to be
11 subcontracted in accordance with the publication requirements
12 applicable to the competitive bidding process of the qualified
13 entity.

14 (2) Provide a fixed date and time on which the subcontracted
15 work will be awarded in accordance with the procedure established
16 pursuant to this section.

17 (g) The minimum performance criteria and design standards
18 established pursuant to paragraph (1) of subdivision (d) shall be
19 adhered to by the design-build entity. Any deviations from those
20 standards may only be allowed by written consent of the qualified
21 entity.

22 (h) The qualified entity may retain the services of a design
23 professional or construction project manager, or both, throughout
24 the course of the project in order to ensure compliance with this
25 section.

26 (i) Contracts awarded pursuant to this section shall be valid until
27 the project is completed.

28 (j) Nothing in this section is intended to affect, expand, alter,
29 or limit any rights or remedies otherwise available at law.

30 (k) (1) If the qualified entity elects to award a project pursuant
31 to this section, retention proceeds withheld by the qualified entity
32 from the design-build entity shall not exceed 5 percent if a
33 performance and payment bond, issued by an admitted surety
34 insurer, is required in the solicitation of bids.

35 (2) In a contract between the design-build entity and the
36 subcontractor, and in a contract between a subcontractor and any
37 subcontractor thereunder, the percentage of the retention proceeds
38 withheld may not exceed the percentage specified in the contract
39 between the qualified entity and the design-build entity. If the
40 design-build entity provides written notice to any subcontractor

1 who is not a member of the design-build entity, prior to or at the
2 time the bid is requested, that a bond may be required and the
3 subcontractor subsequently is unable or refuses to furnish a bond
4 to the design-build entity, then the design-build entity may withhold
5 retention proceeds in excess of the percentage specified in the
6 contract between the qualified entity and the design-build entity
7 from any payment made by the design-build entity to the
8 subcontractor.

9 (l) Each qualified entity that elects to proceed under this section
10 and uses the design-build method on a public works project shall
11 do both of the following:

12 (1) Notify the Legislative Analyst's Office upon initiation of
13 the project and upon completion of the project.

14 (2) Submit to the Legislative Analyst's Office, upon completion
15 of the project, a report containing a description of the public works
16 project procured through the design-build process pursuant to this
17 section and completed after January 1, 2009. The report shall
18 include, but shall not be limited to, all of the following information:

19 (A) The type of project.

20 (B) The gross square footage of the project.

21 (C) The design-build entity that was awarded the project.

22 (D) The estimated and actual project costs.

23 (E) A description of any written protests concerning any aspect
24 of the solicitation, bid, proposal, or award of the design-build
25 project, including the resolution of the protests.

26 (F) An assessment of the prequalification process and criteria.

27 (G) An assessment of the effect of retaining 5-percent retention
28 on the project.

29 (H) A description of the Labor Force Compliance Program and
30 an assessment of the project impact, where required.

31 (I) A description of the method used to award the contract. If
32 best value was the method, the report shall describe the factors
33 used to evaluate the bid, including the weighting of each factor
34 and an assessment of the effectiveness of the methodology.

35 (J) An assessment of the project impact of "skilled labor force
36 availability."

37 (K) An assessment of the most appropriate uses for the
38 design-build approach.

39 (m) Any qualified entity that elects not to use the authority
40 granted by this section may submit a report to the Legislative

1 Analyst's Office explaining why the qualified entity elected to not
2 use the design-build method.

3 (n) (1) In order to comply with paragraph (2) of subdivision
4 (a), the Office of Planning and Research is required to maintain
5 the list of entities that have applied and are eligible to be qualified
6 for this authority.

7 (2) Each entity that is interested in proceeding under the
8 authority in this section must apply to the Office of Planning and
9 Research.

10 (A) The application to proceed must be in writing.

11 (B) An entity must have complied with the California
12 Environmental Quality Act review process pursuant to Division
13 13 (commencing with Section 21000) of the Public Resources
14 Code prior to its application, and must include its approved notice
15 of determination or notice of completion in its application.

16 (3) The Office of Planning and Research must approve or deny
17 an application, in writing, within 30 days. The authority to deny
18 an application shall only be exercised if the conditions set forth in
19 either or both paragraph (2) of subdivision (a) and subparagraph
20 (B) of paragraph (2) of this subdivision have not been satisfied.

21 (4) An entity utilizing this section must, after it determines it
22 no longer is interested in using this authority, notify the Office of
23 Planning and Research in writing within 30 days of its
24 determination. Upon notification, the Office of Planning and
25 Research may contact any previous applicants, denied pursuant to
26 paragraph (2) of subdivision (a), to inform them of the availability
27 to proceed under this section.

28 (o) The Legislative Analyst shall report to the Legislature on
29 the use of the design-build method by qualified entities pursuant
30 to this section, including the information listed in subdivision (l).
31 The report may include recommendations for modifying or
32 extending this section, and shall be submitted on either of the
33 following dates, whichever occurs first:

34 (1) Within one year of the completion of the 20 projects, if the
35 projects are completed prior to January 1, 2019.

36 (2) No later than January 1, 2020.

37 *SEC. 81. Section 20209.7 of the Public Contract Code is*
38 *amended to read:*

39 20209.7. Design-build projects shall progress in a three-step
40 process, as follows:

1 (a) The transit operator shall prepare a set of documents setting
2 forth the scope of the project. The documents shall include, but
3 are not limited to, the size, type, and desired design character of
4 the buildings, transit facilities, and site, performance specifications
5 covering the quality of materials, equipment, and workmanship,
6 preliminary plans or building layouts, or any other information
7 deemed necessary to describe adequately the transit operator's
8 needs. The performance specifications and any plans shall be
9 prepared by a design professional duly licensed or registered in
10 California.

11 (b) Any architectural or engineering firm or individual retained
12 by the transit operator to assist in the development criteria or
13 preparation of the request for proposal (RFP) is not eligible to
14 participate in the competition for the design-build entity.

15 (c) (1) For contracts for public works projects awarded prior
16 ~~to the effective date of the regulations adopted by the Department~~
17 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
18 ~~of the Labor Code, January 1, 2012,~~ the transit operator shall
19 establish and enforce a labor compliance program containing the
20 requirements outlined in Section 1771.5 of the Labor Code or shall
21 contract with a third party to operate this labor compliance program
22 containing the requirements outlined in Section 1771.5 of the Labor
23 Code. This requirement shall not apply to projects where the transit
24 operator or the design-build entity has entered into a collective
25 bargaining agreement that binds all of the contractors performing
26 work on the project, or to any other project of the transit operator
27 that is not design-build.

28 (2) For contracts for public works projects awarded on or after
29 ~~the effective date of the regulations adopted by the Department of~~
30 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
31 ~~of the Labor Code, the transit operator shall reimburse the~~
32 ~~department for its reasonable and directly related costs of~~
33 ~~performing prevailing wage monitoring and enforcement on public~~
34 ~~works projects pursuant to rates established by the department as~~
35 ~~set forth in subdivision (h) of Section 1771.5 of the Labor Code.~~
36 ~~All moneys collected pursuant to this subdivision shall be deposited~~
37 ~~in the State Public Works Enforcement Fund created by Section~~
38 ~~1771.3 of the Labor Code, and shall be used only for enforcement~~
39 ~~of prevailing wage requirements on those projects. January 1,~~

1 2012, the project shall be subject to the requirements of Section
2 1771.4 of the Labor Code.

3 ~~(3) In lieu of reimbursing the Department of Industrial Relations~~
4 ~~for its reasonable and directly related costs of performing~~
5 ~~monitoring and enforcement on public works projects, the transit~~
6 ~~operator may elect to continue operating an existing previously~~
7 ~~approved labor compliance program to monitor and enforce~~
8 ~~prevailing wage requirements on the project if it has either not~~
9 ~~contracted with a third party to conduct its labor compliance~~
10 ~~program and requests and receives approval from the department~~
11 ~~to continue its existing program or it enters into a collective~~
12 ~~bargaining agreement that binds all of the contractors performing~~
13 ~~work on the project and that includes a mechanism for resolving~~
14 ~~disputes about the payment of wages.~~

15 (d) (1) Each RFP shall identify the basic scope and needs of
16 the project or contract, the expected cost range, and other
17 information deemed necessary by the contracting agency to inform
18 interested parties of the contracting opportunity.

19 (2) Each RFP shall invite interested parties to submit competitive
20 sealed proposals in the manner prescribed by the contracting
21 agency.

22 (3) Each RFP shall include a section identifying and describing:

23 (A) All significant factors that the agency reasonably expects
24 to consider in evaluating proposals, including cost or price and all
25 nonprice-related factors.

26 (B) The methodology and rating or weighting process that will
27 be used by the agency in evaluating competitive proposals and
28 specifically whether proposals will be rated according to numeric
29 or qualitative values.

30 (C) The relative importance or weight assigned to each of the
31 factors identified in the RFP. If a nonweighted system is used, the
32 agency shall specifically disclose whether all evaluation factors
33 other than cost or price, when combined, are any of the following:

34 (i) Significantly more important than cost or price.

35 (ii) Approximately equal in importance to cost or price.

36 (iii) Significantly less important than cost or price.

37 (D) If the contracting agency wishes to reserve the right to hold
38 discussions or negotiations with offerors, it shall specify the same
39 in the RFP and shall publish separately or incorporate into the RFP
40 applicable rules and procedures to be observed by the agency to

1 ensure that any discussions or negotiations are conducted in a fair
2 and impartial manner.

3 (e) (1) The transit operator shall establish a procedure to
4 prequalify design-build entities using a standard questionnaire
5 developed by the Director of Industrial Relations. The standardized
6 questionnaire shall not require prospective bidders to disclose any
7 violations of Chapter 1 (commencing with Section 1720) of Part
8 7 of Division 2 of the Labor Code committed prior to January 1,
9 1998, if the violation was based on a subcontractor's failure to
10 comply with these provisions and the bidder had no knowledge of
11 the subcontractor's violations and the bidder complied with the
12 conditions set forth in subdivision (b) of Section 1775 of the Labor
13 Code. In preparing the questionnaire, the director shall consult
14 with the construction industry, building trades, transit operators,
15 and other affected parties. This questionnaire shall require
16 information relevant to the architecture or engineering firm that
17 will be the lead on the design-build project. The questionnaire
18 shall include, but is not limited to, all of the following:

19 (A) A listing of all the contractors that are part of the
20 design-build entity.

21 (B) Evidence that the members of the design-build entity have
22 completed, or demonstrated the experience, competency, capability,
23 and capacity to complete, projects of similar size, scope, or
24 complexity, and that proposed key personnel have sufficient
25 experience and training to competently manage and complete the
26 design and construction of the project.

27 (C) The licenses, registrations, and credentials required to design
28 and construct the project, including information on the revocation
29 or suspension of any license, credential, or registration.

30 (D) Evidence that establishes that the design-build entity has
31 the capacity to obtain all required payment and performance
32 bonding, liability insurance, and errors and omissions insurance,
33 as well as a financial statement that assures the transit operator
34 that the design-build entity has the capacity to complete the project.

35 (E) Any prior serious or willful violation of the California
36 Occupational Safety and Health Act of 1973, contained in Part 1
37 (commencing with Section 6300) of Division 5 of the Labor Code
38 or the federal Occupational Safety and Health Act of 1970 (Public
39 Law 91-596), settled against any member of the design-build entity,

1 and information concerning a contractor member's workers'
2 compensation experience history and worker safety program.

3 (F) Information concerning any debarment, disqualification, or
4 removal from a federal, state, or local government public works
5 project. Any instance where an entity, its owners, officers, or
6 managing employees submitted a bid on a public works project
7 and were found by an awarding body not to be a responsible bidder.

8 (G) Any instance where the entity, its owner, officers, or
9 managing employees defaulted on a construction contract.

10 (H) Any violations of the Contractors' State License Law
11 (Chapter 9 (commencing with Section 7000) of Division 3 of the
12 Business and Professions Code), excluding alleged violations of
13 federal or state law, including the payment of wages, benefits,
14 apprenticeship requirements, or personal income tax withholding,
15 or of Federal Insurance Contribution Act (FICA; *26 U.S.C. Sec.*
16 *3101 et seq.*) withholding requirements settled against any member
17 of the design-build entity.

18 (I) Information concerning the bankruptcy or receivership of
19 any member of the entity, and information concerning all legal
20 claims, disputes, or lawsuits arising from any construction project
21 of any member of the entity during the past three years, including
22 information concerning any work completed by a surety.

23 (J) If the design-build entity is a partnership, limited partnership,
24 or other association, a listing of all of the partners, general partners,
25 or association members who will participate as subcontractors in
26 the design-build contract.

27 (K) Information concerning all settled adverse claims, disputes,
28 or lawsuits between the owner of a public works project and any
29 member of the design-build entity during the five-year period
30 immediately preceding submission of a bid pursuant to this section,
31 in which the claim, settlement, or judgment exceeds fifty thousand
32 dollars (\$50,000). Information shall also be provided concerning
33 any work completed by a surety during this period.

34 (L) In the case of a partnership or other association that is not
35 a legal entity, a copy of the agreement creating the partnership or
36 association and specifying that all partners or association members
37 agree to be liable for full performance under the design-build
38 contract.

39 (2) The information required pursuant to this subdivision shall
40 be verified under oath by the entity and its members in the manner

1 in which civil pleadings in civil actions are verified. Information
2 that is not a public record pursuant to the California Public Records
3 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
4 of Title 1 of the Government Code) shall not be open to public
5 inspection.

6 (f) The transit operator shall establish a procedure for final
7 selection of the design-build entity. Selection shall be subject to
8 the following conditions:

9 (1) In no case shall the transit operator award a contract to a
10 design-build entity pursuant to this article for a capital maintenance
11 or capacity-enhancing rail project unless that project exceeds
12 twenty-five million dollars (\$25,000,000) in cost.

13 (2) For nonrail transit projects that exceed two million five
14 hundred thousand dollars (\$2,500,000), the transit operator may
15 award the project to the lowest responsible bidder or by using the
16 best value method.

17 (3) For the acquisition and installation of technology applications
18 or surveillance equipment designed to enhance safety, disaster
19 preparedness, and homeland security efforts, there shall be no cost
20 threshold and the transit operator may award the contract to the
21 lowest responsible bidder or by using the best value method.

22 (g) Except as provided in this section, nothing in this act shall
23 be construed to affect the application of any other law.

24 *SEC. 82. Section 20688.6 of the Public Contract Code is*
25 *amended to read:*

26 20688.6. (a) (1) Notwithstanding any other law, an agency,
27 with approval of its duly constituted board in a public hearing,
28 may utilize an alternative procedure for bidding on projects in the
29 community in excess of one million dollars (\$1,000,000) and may
30 award the project using either the lowest responsible bidder or by
31 best value.

32 (2) Only 10 design-build projects shall be authorized under this
33 section.

34 (b) (1) It is the intent of the Legislature to enable entities as
35 provided in Part 1 (commencing with Section 33000) of Division
36 24 of the Health and Safety Code to utilize design-build for those
37 infrastructure improvements authorized in Sections 33421, 33445,
38 and 33445.1 of the Health and Safety Code and subject to the
39 limitations on that authority described in Section 33421.1 of the
40 Health and Safety Code.

1 (2) The Legislature also finds and declares that utilizing a
2 design-build contract requires a clear understanding of the roles
3 and responsibilities of each participant in the design-build process.

4 (3) (A) For contracts for public works projects awarded prior
5 ~~to the effective date of the regulations adopted by the Department~~
6 ~~of Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
7 ~~of the Labor Code, January 1, 2012, if the board elects to proceed~~
8 under this section, the board shall establish and enforce a labor
9 compliance program containing the requirements outlined in
10 Section 1771.5 of the Labor Code, or it shall contract with a third
11 party to operate a labor compliance program containing the
12 requirements outlined in Section 1771.5 of the Labor Code. This
13 requirement shall not apply to projects where the agency or the
14 design-build entity has entered into a collective bargaining
15 agreement or agreements that bind all of the contractors performing
16 work on the projects.

17 (B) For contracts for public works projects awarded on or after
18 ~~the effective date of the regulations adopted by the Department of~~
19 ~~Industrial Relations pursuant to subdivision (g) of Section 1771.5~~
20 ~~of the Labor Code, the board shall reimburse the department for~~
21 ~~its reasonable and directly related costs of performing prevailing~~
22 ~~wage monitoring and enforcement on public works projects~~
23 ~~pursuant to rates established by the department as set forth in~~
24 ~~subdivision (h) of Section 1771.5 of the Labor Code. All moneys~~
25 ~~collected pursuant to this subdivision shall be deposited in the~~
26 ~~State Public Works Enforcement Fund, created by Section 1771.3~~
27 ~~of the Labor Code, and shall be used only for enforcement of~~
28 ~~prevailing wage requirements on those projects. January 1, 2012,~~
29 ~~the project shall be subject to the requirements of Section 1771.4~~
30 ~~of the Labor Code.~~

31 (C) ~~In lieu of reimbursing the Department of Industrial Relations~~
32 ~~for its reasonable and directly related costs of performing~~
33 ~~monitoring and enforcement on public works projects, the board~~
34 ~~may elect to continue operating an existing previously approved~~
35 ~~labor compliance program to monitor and enforce prevailing wage~~
36 ~~requirements on the project if it has either not contracted with a~~
37 ~~third party to conduct its labor compliance program and requests~~
38 ~~and receives approval from the department to continue its existing~~
39 ~~program or it enters into a collective bargaining agreement that~~
40 ~~binds all of the contractors performing work on the project and~~

1 that includes a mechanism for resolving disputes about the payment
2 of wages.

3 (c) As used in this section:

4 (1) “Best value” means a value determined by objective criteria
5 related to price, features, functions, and life-cycle costs.

6 (2) “Design-build” means a procurement process in which both
7 the design and construction of a project are procured from a single
8 entity.

9 (3) “Design-build entity” means a partnership, corporation, or
10 other legal entity that is able to provide appropriately licensed
11 contracting, architectural, and engineering services as needed
12 pursuant to a design-build contract.

13 (4) “Project” means those infrastructure improvements
14 authorized in Sections 33421, 33445, and 33445.1 of the Health
15 and Safety Code and subject to the limitations and conditions on
16 that authority described in Article 10 (commencing with Section
17 33420) and Article 11 (commencing with Section 33430) of
18 Chapter 4 of Part 1 of Division 24 of the Health and Safety Code.

19 (d) Design-build projects shall progress in a four-step process,
20 as follows:

21 (1) (A) The agency shall prepare a set of documents setting
22 forth the scope of the project. The documents may include, but are
23 not limited to, the size, type, and desired design character of the
24 public improvement, performance specifications covering the
25 quality of materials, equipment, and workmanship, preliminary
26 plans or building layouts, or any other information deemed
27 necessary to describe adequately the agency’s needs. The
28 performance specifications and any plans shall be prepared by a
29 design professional who is duly licensed and registered in
30 California.

31 (B) Any architect or engineer retained by the agency to assist
32 in the development of the project specific documents shall not be
33 eligible to participate in the preparation of a bid with any
34 design-build entity for that project.

35 (2) (A) Based on the documents prepared as described in
36 paragraph (1), the agency shall prepare a request for proposals that
37 invites interested parties to submit competitive sealed proposals
38 in the manner prescribed by the agency. The request for proposals
39 shall include, but is not limited to, the following elements:

1 (i) Identification of the basic scope and needs of the project or
2 contract, the expected cost range, and other information deemed
3 necessary by the agency to inform interested parties of the
4 contracting opportunity, to include the methodology that will be
5 used by the agency to evaluate proposals and specifically if the
6 contract will be awarded to the lowest responsible bidder.

7 (ii) Significant factors that the agency reasonably expects to
8 consider in evaluating proposals, including cost or price and all
9 nonprice-related factors.

10 (iii) The relative importance of the weight assigned to each of
11 the factors identified in the request for proposals.

12 (B) With respect to clause (iii) of subparagraph (A), if a
13 nonweighted system is used, the agency shall specifically disclose
14 whether all evaluation factors other than cost or price when
15 combined are:

16 (i) Significantly more important than cost or price.

17 (ii) Approximately equal in importance to cost or price.

18 (iii) Significantly less important than cost or price.

19 (C) If the agency chooses to reserve the right to hold discussions
20 or negotiations with responsive bidders, it shall so specify in the
21 request for proposal and shall publish separately or incorporate
22 into the request for proposal applicable rules and procedures to be
23 observed by the agency to ensure that any discussions or
24 negotiations are conducted in good faith.

25 (3) (A) The agency shall establish a procedure to prequalify
26 design-build entities using a standard questionnaire developed by
27 the agency. In preparing the questionnaire, the agency shall consult
28 with the construction industry, including representatives of the
29 building trades and surety industry. This questionnaire shall require
30 information including, but not limited to, all of the following:

31 (i) If the design-build entity is a partnership, limited partnership,
32 or other association, a listing of all of the partners, general partners,
33 or association members known at the time of bid submission who
34 will participate in the design-build contract, including, but not
35 limited to, mechanical subcontractors.

36 (ii) Evidence that the members of the design-build entity have
37 completed, or demonstrated the experience, competency, capability,
38 and capacity to complete, projects of similar size, scope, or
39 complexity, and that proposed key personnel have sufficient
40 experience and training to competently manage and complete the

1 design and construction of the project, as well as a financial
2 statement that assures the agency that the design-build entity has
3 the capacity to complete the project.

4 (iii) The licenses, registration, and credentials required to design
5 and construct the project, including information on the revocation
6 or suspension of any license, credential, or registration.

7 (iv) Evidence that establishes that the design-build entity has
8 the capacity to obtain all required payment and performance
9 bonding, liability insurance, and errors and omissions insurance.

10 (v) Any prior serious or willful violation of the California
11 Occupational Safety and Health Act of 1973, contained in Part 1
12 (commencing with Section 6300) of Division 5 of the Labor Code,
13 or the federal Occupational Safety and Health Act of 1970 (Public
14 Law 91-596), settled against any member of the design-build entity,
15 and information concerning workers' compensation experience
16 history and worker safety program.

17 (vi) Information concerning any debarment, disqualification,
18 or removal from a federal, state, or local government public works
19 project. Any instance in which an entity, its owners, officers, or
20 managing employees submitted a bid on a public works project
21 and were found to be nonresponsive, or were found by an awarding
22 body not to be a responsible bidder.

23 (vii) Any instance in which the entity, or its owners, officers,
24 or managing employees, defaulted on a construction contract.

25 (viii) Any violations of the Contractors' State License Law
26 (Chapter 9 (commencing with Section 7000) of Division 3 of the
27 Business and Professions Code), including alleged violations of
28 federal or state law including the payment of wages, benefits,
29 apprenticeship requirements, or personal income tax withholding,
30 or of Federal Insurance Contributions Act (FICA; *26 U.S.C. Sec.*
31 *3101 et seq.*) withholding requirements settled against any member
32 of the design-build entity.

33 (ix) Information concerning the bankruptcy or receivership of
34 any member of the design-build entity, including information
35 concerning any work completed by a surety.

36 (x) Information concerning all settled adverse claims, disputes,
37 or lawsuits between the owner of a public works project and any
38 member of the design-build entity during the five years preceding
39 submission of a bid pursuant to this section, in which the claim,
40 settlement, or judgment exceeds fifty thousand dollars (\$50,000).

1 Information shall also be provided concerning any work completed
2 by a surety during this period.

3 (xi) In the case of a partnership, joint venture, or an association
4 that is not a legal entity, a copy of the agreement creating the
5 partnership or association and specifying that all general partners,
6 joint venturers, or association members agree to be fully liable for
7 the performance under the design-build contract.

8 (B) The information required pursuant to this subdivision shall
9 be verified under oath by the entity and its members in the manner
10 in which civil pleadings in civil actions are verified. Information
11 that is not a public record pursuant to the California Public Records
12 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
13 of Title 1 of the Government Code) shall not be open to public
14 inspection.

15 (4) The agency shall establish a procedure for final selection of
16 the design-build entity. Selection shall be based on either of the
17 following criteria:

18 (A) A competitive bidding process resulting in lump-sum bids
19 by the prequalified design-build entities. Awards shall be made to
20 the lowest responsible bidder.

21 (B) An agency may use a design-build competition based upon
22 best value and other criteria set forth in paragraph (2). The
23 design-build competition shall include the following elements:

24 (i) Competitive proposals shall be evaluated by using only the
25 criteria and selection procedures specifically identified in the
26 request for proposal. However, the following minimum factors
27 shall each represent at least 10 percent of the total weight of
28 consideration given to all criteria factors: price, technical design
29 and construction expertise, life-cycle costs over 15 years or more,
30 skilled labor force availability, and acceptable safety record.

31 (ii) Once the evaluation is complete, the top three responsive
32 bidders shall be ranked sequentially from the most advantageous
33 to the least.

34 (iii) The award of the contract shall be made to the responsible
35 bidder whose proposal is determined, in writing, to be the most
36 advantageous.

37 (iv) Notwithstanding any provision of this code, upon issuance
38 of a contract award, the agency shall publicly announce its award,
39 identifying the contractor to whom the award is made, along with
40 a written decision supporting its contract award and stating the

1 basis of the award. The notice of award shall also include the
2 agency's second- and third-ranked design-build entities.

3 (v) For purposes of this paragraph, skilled labor force availability
4 shall be determined by the existence of an agreement with a
5 registered apprenticeship program, approved by the California
6 Apprenticeship Council, which has graduated apprentices in each
7 of the preceding five years. This graduation requirement shall not
8 apply to programs providing apprenticeship training for any craft
9 that has been deemed by the Department of Labor and the
10 Department of Industrial Relations to be an apprenticeable craft
11 in the five years prior to enactment of this act.

12 (vi) For purposes of this paragraph, a bidder's safety record
13 shall be deemed acceptable if its experience modification rate for
14 the most recent three-year period is an average of 1.00 or less, and
15 its average total recordable injury/illness rate and average lost
16 work rate for the most recent three-year period does not exceed
17 the applicable statistical standards for its business category or if
18 the bidder is a party to an alternative dispute resolution system as
19 provided for in Section 3201.5 of the Labor Code.

20 (e) (1) Any design-build entity that is selected to design and
21 build a project pursuant to this section shall possess or obtain
22 sufficient bonding to cover the contract amount for nondesign
23 services, and errors and omission insurance coverage sufficient to
24 cover all design and architectural services provided in the contract.
25 This section does not prohibit a general or engineering contractor
26 from being designated the lead entity on a design-build entity for
27 the purposes of purchasing necessary bonding to cover the activities
28 of the design-build entity.

29 (2) Any payment or performance bond written for the purposes
30 of this section shall be written using a bond form developed by
31 the agency.

32 (f) All subcontractors that were not listed by the design-build
33 entity in accordance with clause (i) of subparagraph (A) of
34 paragraph (3) of subdivision (d) shall be awarded by the
35 design-build entity in accordance with the design-build process
36 set forth by the agency in the design-build package. All
37 subcontractors bidding on contracts pursuant to this section shall
38 be afforded the protections contained in Chapter 4 (commencing
39 with Section 4100) of Part 1. The design-build entity shall do both
40 of the following:

- 1 (1) Provide public notice of the availability of work to be
2 subcontracted in accordance with the publication requirements
3 applicable to the competitive bidding process of the agency.
- 4 (2) Provide a fixed date and time on which the subcontracted
5 work will be awarded in accordance with the procedure established
6 pursuant to this section.
- 7 (g) The minimum performance criteria and design standards
8 established pursuant to paragraph (1) of subdivision (d) shall be
9 adhered to by the design-build entity. Any deviations from those
10 standards may only be allowed by written consent of the agency.
- 11 (h) The agency may retain the services of a design professional
12 or construction project manager, or both, throughout the course of
13 the project in order to ensure compliance with this section.
- 14 (i) Contracts awarded pursuant to this section shall be valid until
15 the project is completed.
- 16 (j) Nothing in this section is intended to affect, expand, alter,
17 or limit any rights or remedies otherwise available at law.
- 18 (k) (1) If the agency elects to award a project pursuant to this
19 section, retention proceeds withheld by the agency from the
20 design-build entity shall not exceed 5 percent if a performance and
21 payment bond, issued by an admitted surety insurer, is required in
22 the solicitation of bids.
- 23 (2) In a contract between the design-build entity and the
24 subcontractor, and in a contract between a subcontractor and any
25 subcontractor thereunder, the percentage of the retention proceeds
26 withheld shall not exceed the percentage specified in the contract
27 between the agency and the design-build entity. If the design-build
28 entity provides written notice to any subcontractor who is not a
29 member of the design-build entity, prior to or at the time the bid
30 is requested, that a bond may be required and the subcontractor
31 subsequently is unable or refuses to furnish a bond to the
32 design-build entity, then the design-build entity may withhold
33 retention proceeds in excess of the percentage specified in the
34 contract between the agency and the design-build entity from any
35 payment made by the design-build entity to the subcontractor.
- 36 (l) Each agency that elects to proceed under this section and
37 uses the design-build method on a public works project shall submit
38 to the Legislative Analyst's Office before December 1, 2014, a
39 report containing a description of each public works project
40 procured through the design-build process after January 1, 2010,

1 and before November 1, 2014. The report shall include, but shall
2 not be limited to, all of the following information:

- 3 (1) The type of project.
- 4 (2) The gross square footage of the project.
- 5 (3) The design-build entity that was awarded the project.
- 6 (4) Where appropriate, the estimated and actual length of time
7 to complete the project.
- 8 (5) The estimated and actual project costs.
- 9 (6) A description of any written protests concerning any aspect
10 of the solicitation, bid, proposal, or award of the design-build
11 project, including the resolution of the protests.
- 12 (7) An assessment of the prequalification process and criteria.
- 13 (8) An assessment of the effect of retaining 5-percent retention
14 on the project.
- 15 (9) A description of the labor force compliance program and an
16 assessment of the project impact, where required.
- 17 (10) A description of the method used to award the contract. If
18 best value was the method, the report shall describe the factors
19 used to evaluate the bid, including the weighting of each factor
20 and an assessment of the effectiveness of the methodology.
- 21 (11) An assessment of the project impact of skilled labor force
22 availability.
- 23 (12) An assessment of the design-build dollar limits on agency
24 projects. This assessment shall include projects where the agency
25 wanted to use design-build and was precluded by the dollar
26 limitation. This assessment shall also include projects where the
27 best value method was not used due to dollar limitations.
- 28 (13) An assessment of the most appropriate uses for the
29 design-build approach.
- 30 (m) (1) In order to comply with paragraph (2) of subdivision
31 (a), the State Public Works Board is required to maintain the list
32 of agencies that have applied and are eligible to be qualified for
33 this authority.
- 34 (2) Each agency that is interested in proceeding under the
35 authority in this section must apply to the State Public Works
36 Board. The application to proceed shall be in writing and contain
37 such information that the State Public Works Board may require.
- 38 (3) The State Public Works Board shall approve or deny an
39 application, in writing, within 90 days of the submission of a
40 complete application. The authority to deny an application shall

1 only be exercised if the condition set forth in paragraph (2) of
2 subdivision (a) has been satisfied.

3 (4) An agency that has applied for this authorization shall, after
4 it determines it no longer is interested in using this authority, notify
5 the State Public Works Board in writing within 30 days of its
6 determination. Upon notification, the State Public Works Board
7 may contact any previous applicants, denied pursuant to paragraph
8 (2) of subdivision (a), to inform them of the availability to proceed
9 under this section.

10 (5) The State Public Works Board may authorize no more than
11 10 projects. The board shall not authorize or approve more than
12 two projects for any one eligible redevelopment agency that
13 submits a completed application.

14 (6) The State Public Works Board shall notify the Legislative
15 Analyst's Office when 10 projects have been approved.

16 (n) On or before January 1, 2015, the Legislative Analyst shall
17 report to the Legislature on the use of the design-build method by
18 agencies pursuant to this section, including the information listed
19 in subdivision (l). The report may include recommendations for
20 modifying or extending this section.

21 (o) Except as provided in this section, nothing in this act shall
22 be construed to affect the application of any other law.

23 (p) This section shall remain in effect only until January 1, 2016,
24 and as of that date is repealed, unless a later enacted statute, that
25 is enacted before January 1, 2016, deletes or extends that date.

26 *SEC. 83. Section 20919.3 of the Public Contract Code is*
27 *amended to read:*

28 20919.3. (a) (1) For contracts for public works projects
29 awarded prior to ~~the effective date of the regulations adopted by~~
30 ~~the Department of Industrial Relations pursuant to subdivision (g)~~
31 ~~of Section 1771.5 of the Labor Code, January 1, 2012,~~ the unified
32 school district shall establish and enforce for job order contracts
33 a labor compliance program containing the requirements outlined
34 in Section 1771.5 of the Labor Code, or it shall contract with a
35 third party to operate a labor compliance program containing the
36 requirements outlined in that provision. This requirement does not
37 apply to any project where the unified school district or the job
38 order contractor has entered into a collective bargaining agreement
39 or agreements that bind all of the contractors performing work on
40 the projects.

1 (2) For contracts for public works projects awarded on or after
2 the effective date of the regulations adopted by the Department of
3 Industrial Relations pursuant to subdivision (g) of Section 1771.5
4 of the Labor Code, the unified school district shall reimburse the
5 department for its reasonable and directly related costs of
6 performing prevailing wage monitoring and enforcement on public
7 works projects pursuant to rates established by the department as
8 set forth in subdivision (h) of Section 1771.5 of the Labor Code.
9 All moneys collected pursuant to this subdivision shall be deposited
10 in the State Public Works Enforcement Fund created by Section
11 1771.3 of the Labor Code, and shall be used only for enforcement
12 of prevailing wage requirements on those projects. *January 1,*
13 *2012, the project shall be subject to the requirements of Section*
14 *1771.4 of the Labor Code.*

15 (3) ~~In lieu of reimbursing the Department of Industrial Relations~~
16 ~~for its reasonable and directly related costs of performing~~
17 ~~monitoring and enforcement on public works projects, the unified~~
18 ~~school district may elect to continue operating an existing~~
19 ~~previously approved labor compliance program to monitor and~~
20 ~~enforce prevailing wage requirements on the project if it has either~~
21 ~~not contracted with a third party to conduct its labor compliance~~
22 ~~program and requests and receives approval from the department~~
23 ~~to continue its existing program or it enters into a collective~~
24 ~~bargaining agreement that binds all of the contractors performing~~
25 ~~work on the project and that includes a mechanism for resolving~~
26 ~~disputes about the payment of wages.~~

27 (b) The unified school district shall prepare an execution plan
28 for all modernization projects that may be eligible for job order
29 contracting pursuant to this article. The unified school district shall
30 select from that plan a sufficient number of projects to be initiated
31 as job order contracts during each calendar year and shall determine
32 for each selected project that job order contracting will reduce the
33 total cost of that project. Job order contracting shall not be used if
34 the unified school district finds that it will increase the total cost
35 of the project.

36 (c) No later than June 30, 2017, the unified school district shall
37 submit an interim report on all job order contract projects
38 completed by December 31, 2016, to the Office of Public School
39 Construction in the Department of General Services and the Senate
40 Committee on Business, Professions and Economic Development

1 and the Assembly Committee on Business, Professions and
2 Consumer Protection and the Senate and Assembly Committees
3 on Education. The interim report shall be prepared by an
4 independent third party and the unified school district shall pay
5 for the cost of the report. The report shall include the information
6 specified in subdivisions (a) through (h) of Section 20919.12.

7 *SEC. 84. Section 100152 of the Public Utilities Code is*
8 *repealed.*

9 ~~100152. (a) Except as specified in subdivision (b), the authority~~
10 ~~shall comply with subdivision (f) of Section 1771.5 of the Labor~~
11 ~~Code and shall reimburse the Department of Industrial Relations~~
12 ~~for its reasonable and directly related costs of performing prevailing~~
13 ~~wage monitoring and enforcement on public works projects~~
14 ~~pursuant to rates established by the department as set forth in~~
15 ~~subdivision (h) of Section 1771.5 of the Labor Code on projects~~
16 ~~using the CMGC project delivery method under this article. All~~
17 ~~moneys collected pursuant to this subdivision shall be deposited~~
18 ~~in the State Public Works Enforcement Fund, created by Section~~
19 ~~1771.3 of the Labor Code, and shall be used only for enforcement~~
20 ~~of prevailing wage requirements on those projects.~~

21 ~~(b) In lieu of complying with subdivision (a), the authority may~~
22 ~~elect to enter into a collective bargaining agreement that binds all~~
23 ~~of the contractors performing work on the project and that includes~~
24 ~~a mechanism for resolving disputes about the payment of wages.~~

25 *SEC. 85. Section 100152 is added to the Public Utilities Code,*
26 *to read:*

27 *100152. Any public works project that is contracted for*
28 *pursuant to this article shall be subject to the requirements of*
29 *Section 1771.4 of the Labor Code.*

30 *SEC. 86. Section 103396 of the Public Utilities Code is*
31 *repealed.*

32 ~~103396. (a) Except as specified in subdivision (b), the district~~
33 ~~shall comply with subdivision (f) of Section 1771.5 of the Labor~~
34 ~~Code and shall reimburse the Department of Industrial Relations~~
35 ~~for its reasonable and directly related costs of performing prevailing~~
36 ~~wage monitoring and enforcement on public works projects~~
37 ~~pursuant to rates established by the department as set forth in~~
38 ~~subdivision (h) of Section 1771.5 of the Labor Code on projects~~
39 ~~using the CMGC project delivery method under this article. All~~
40 ~~moneys collected pursuant to this subdivision shall be deposited~~

1 in the State Public Works Enforcement Fund, created by Section
2 1771.3 of the Labor Code, and shall be used only for enforcement
3 of prevailing wage requirements on those projects.

4 (b) ~~In lieu of complying with subdivision (a), the district may
5 elect to enter into a collective bargaining agreement that binds all
6 of the contractors performing work on the project and that includes
7 a mechanism for resolving disputes about the payment of wages.~~

8 *SEC. 87. Section 103396 is added to the Public Utilities Code,
9 to read:*

10 *103396. Any public works project that is contracted for
11 pursuant to this article shall be subject to the requirements of
12 Section 1771.4 of the Labor Code.*

13 *SEC. 88. Section 75.70 of the Revenue and Taxation Code is
14 amended to read:*

15 75.70. (a) Notwithstanding any other law, for the 1983–84
16 fiscal year, each county auditor shall allocate to all elementary,
17 high school, and unified school districts within the county in
18 proportion to each school district’s average daily attendance, as
19 certified by the Superintendent of Public Instruction for purposes
20 of the advance apportionment of state aid in the then current fiscal
21 year, without respect to the allocation of property tax revenues
22 pursuant to Chapter 6 (commencing with Section 95) of Part 0.5,
23 and without respect to allocation and payment of funds as provided
24 for in subdivision (b) of Section 33670 of the Health and Safety
25 Code, an amount equal to the additional revenues generated by
26 the rate levied pursuant to subdivision (a) of Section 1 of Article
27 XIII A of the California Constitution applied to the increased
28 assessments for the current roll under this chapter. Additional
29 revenues generated by a rate or rates levied in excess of the
30 limitation prescribed by subdivision (a) of Section 1 of Article
31 XIII A of the California Constitution shall be allocated to the fund
32 for which the tax rate or rates were levied.

33 (b) For the 1984–85 fiscal year, the county auditor shall, without
34 respect to the allocation of property tax revenues pursuant to
35 Chapter 6 (commencing with Section 95) of Part 0.5, do all of the
36 following:

37 (1) Make the allocation and payment of funds as provided in
38 Section 33670 of the Health and Safety Code.

39 (2) Allocate to the county the amount determined pursuant to
40 Section 75.60.

1 (3) Allocate to the county an amount equal to the total amount
2 of additional revenues generated by the rate levied pursuant to
3 subdivision (a) of Section 1 of Article XIII A of the California
4 Constitution applied to the increased assessments under this
5 chapter, less the amount determined pursuant to paragraphs (1)
6 and (2), the remainder multiplied by the county's property tax
7 apportionment factor determined pursuant to Section 97.5.

8 (4) Allocate to each community college district and county
9 superintendent of schools within the county an amount equal to
10 the total amount of additional revenues generated by the rate levied
11 pursuant to subdivision (a) of Section 1 of Article XIII A of the
12 California Constitution applied to the increased assessments under
13 this chapter, less the amount determined pursuant to paragraphs
14 (1) and (2), the remainder multiplied by each county superintendent
15 of schools' and community college district's property tax
16 apportionment factor determined pursuant to Section 97.5.

17 (5) Allocate to each city within the county an amount equal to
18 the total amount of additional revenue generated by the rate levied
19 pursuant to subdivision (a) of Section 1 of Article XIII A of the
20 California Constitution applied to the increased assessments under
21 this chapter, less the amount determined pursuant to paragraphs
22 (1) and (2), the remainder multiplied by each city's property tax
23 apportionment factor determined pursuant to Section 97.5.

24 (6) Allocate to each special district within the county an amount
25 equal to the total amount of additional revenues generated by the
26 rate levied pursuant to subdivision (a) of Section 1 of Article XIII A
27 of the California Constitution applied to the increased assessments
28 under this chapter, less the amount determined pursuant to
29 paragraphs (1) and (2), the remainder multiplied by each special
30 district's property tax apportionment factor determined pursuant
31 to Section 97.5. The amount allocated to each special district which
32 is governed by the board of supervisors of a county or whose
33 governing board is the same as the board of supervisors of a county,
34 shall be subject to Section 98.6.

35 (7) Allocate the remaining revenues generated by the rate levied
36 pursuant to subdivision (a) of Section 1 of Article XIII A of the
37 California Constitution applied to the increased assessments under
38 this chapter to all elementary, high school, and unified school
39 districts within the county in proportion to each school district's
40 average daily attendance, as certified by the Superintendent of

1 Public Instruction for purposes of the advance apportionment of
2 state aid in the then current fiscal year.

3 (8) Allocate additional revenues generated by a rate levied in
4 excess of the limitation prescribed by subdivision (a) of Section
5 1 of Article XIII A of the California Constitution to the fund or
6 funds for which the tax rate or rates were levied.

7 These allocations shall be made on a timely basis but no later
8 than 30 calendar days after the close of the preceding monthly or
9 four-weekly accounting period.

10 (c) For the 1985–86 fiscal year, and each fiscal year thereafter,
11 the county auditor shall, without respect to the allocation of
12 property tax revenues pursuant to Chapter 6 (commencing with
13 Section 95) of Part 0.5, do all of the following:

14 (1) Make the allocation and payment of funds as provided in
15 Section 33670 of the Health and Safety Code.

16 (2) Allocate and pay to the county an amount equal to the total
17 amount of additional revenues generated by the rate levied pursuant
18 to subdivision (a) of Section 1 of Article XIII A of the California
19 Constitution applied to the increased assessments under this
20 chapter, less the amount determined pursuant to paragraph (1), the
21 remainder multiplied by the county’s property tax apportionment
22 factor determined pursuant to Section ~~97.5~~ 96.2.

23 (3) Allocate and pay to each county superintendent of schools
24 and community college district within the county an amount equal
25 to the total amount of additional revenues generated by the rate
26 levied pursuant to subdivision (a) of Section 1 of Article XIII A
27 of the California Constitution applied to the increased assessments
28 under this chapter, less the amount determined pursuant to
29 paragraph (1), the remainder multiplied by each county
30 superintendent of schools’ and community college district’s
31 property tax apportionment factor determined pursuant to Section
32 ~~97.5~~ 96.2.

33 (4) Allocate and pay to each city within the county an amount
34 equal to the total amount of additional revenues generated by the
35 rate levied pursuant to subdivision (a) of Section 1 of Article XIII A
36 of the California Constitution applied to the increased assessments
37 under this chapter, less the amount determined pursuant to
38 paragraph (1), the remainder multiplied by each city’s property
39 tax apportionment factor determined pursuant to Section ~~97.5~~
40 96.2.

1 (5) Allocate and pay to each special district within the county
2 an amount equal to the total amount of additional revenues
3 generated by the rate levied pursuant to subdivision (a) of Section
4 1 of Article XIII A of the California Constitution applied to the
5 increased assessments under this chapter, less the amount
6 determined pursuant to paragraph (1), the remainder multiplied
7 by each special district's property tax apportionment factor
8 determined pursuant to Section ~~97.5~~ 96.2. The amount allocated
9 to each special district which is governed by the board of
10 supervisors of a county or whose governing body is the same as
11 the board of supervisors of a county, shall be subject to Section
12 98.6.

13 (6) Allocate and pay the remaining revenues generated by the
14 rate levied pursuant to subdivision (a) of Section 1 of Article XIII A
15 of the California Constitution applied to the increased assessments
16 under this chapter to all elementary, high school, and unified school
17 districts within the county in proportion to each school district's
18 average daily attendance, as certified by the Superintendent of
19 Public Instruction for the purposes of the advance apportionment
20 of state aid in the then current fiscal year.

21 (7) Allocate and pay additional revenues generated by a rate
22 levied in excess of the limitation prescribed by subdivision (a) of
23 Section 1 of Article XIII A of the California Constitution to the
24 fund or funds for which the tax rate or rates were levied.

25 These allocations and payments shall be made on a timely basis
26 but no later than 30 calendar days after the close of the preceding
27 monthly or four-weekly accounting period. For a county with a
28 population of 500,000 or less, the allocations may be made on a
29 biannual basis.

30 (d) For purposes of the certification made by the Superintendent
31 of Public Instruction pursuant to *paragraph (6) of* subdivision ~~(a)~~;
32 *(c)*, the average daily attendance of the following school districts
33 shall be deemed to be zero:

34 (1) In the case of multicounty school districts, the portions of
35 the school districts located other than in the county of control.

36 (2) A school district that is an excess tax school entity, as
37 defined in subdivision (n) of Section 95, in the prior fiscal year.

38 (e) The Superintendent of Public Instruction shall certify the
39 appropriate counts of average daily attendance pursuant to

1 subdivision (a) to each county auditor no later than July 15 of each
2 applicable fiscal year.

3 *(f) If the average daily attendance of all elementary, high school,*
4 *and unified school districts within the county is deemed to be zero*
5 *by the Superintendent of Public Instruction pursuant to subdivision*
6 *(d), the county auditor shall reallocate the revenues described in*
7 *paragraph (6) of subdivision (c) to the entities listed in paragraphs*
8 *(2) to (5), inclusive, of subdivision (c), in proportion to each*
9 *entity's percentage of revenues in comparison to the aggregate*
10 *total of revenues.*

11 ~~(f)~~

12 *(g) On or before November 15 and April 15, the auditor of each*
13 *county shall furnish to the Superintendent of Public Instruction*
14 *the estimated amount of tax receipts pursuant to this section of*
15 *each school district situated within his or her county.*

16 ~~(g)~~

17 *(h) In the event property tax revenues under this chapter are*
18 *generated by a change in ownership or completed new construction*
19 *which occurred on or before May 31, 1984, but are collected*
20 *subsequent to the 1983–84 fiscal year, the revenues for the current*
21 *roll shall be allocated to school districts as if they had been*
22 *collected and allocated during this 1983–84 fiscal year. Any of*
23 *the aforementioned revenues which are collected in the 1984–85*
24 *fiscal year shall be applied to school apportionments for the*
25 *1984–85 fiscal year.*

26 *SEC. 89. Section 95.5 is added to the Revenue and Taxation*
27 *Code, to read:*

28 *95.5. (a) The Legislature finds and declares all of the*
29 *following:*

30 *(1) In recognition of the fact that over 50 percent of annual*
31 *property tax revenues accrue to K-14 schools and county offices*
32 *of education, and thereby help to offset the state's General Fund*
33 *obligation to those entities, the state has a vested financial interest*
34 *in ensuring that county assessors have the resources necessary to*
35 *fairly and efficiently administer the county property tax rolls. Fair*
36 *and efficient administration includes, but is not limited to, the*
37 *expeditious enrollment of properties that are newly constructed*
38 *or that change ownership, the timely levying of supplemental*
39 *assessments when ownership changes occur, the timely*
40 *reassessment of property to reflect market values, and the defense*

1 of assessed valuations that county assessors believe have been
2 improperly appealed.

3 (2) It is the intent of the Legislature to establish a three-year
4 pilot program limited to nine competitively selected county
5 assessors' offices to quantify the benefit of providing county
6 assessors with state grants to improve their ability to discharge
7 these, and related essential duties.

8 (3) The success of the pilot program shall be determined based
9 on whether the assessment activities funded with pilot program
10 funds in each county have enhanced countywide equalization by
11 properly valuing property, and have thereby generated property
12 tax revenues for K-14 schools and county offices of education in
13 an amount that is not less than the total amount of General Fund
14 revenues expended to fund the pilot program in each participating
15 county.

16 (b) For the 2014–15 fiscal year to the 2016–17 fiscal year,
17 inclusive, there is hereby created the State-County Assessors'
18 Partnership Agreement Program, to be administered by the
19 Department of Finance.

20 (1) Program funding shall be subject to appropriation in the
21 annual Budget Act. The program shall be inoperative in any fiscal
22 year in which an appropriation is not provided.

23 (2) Each participating county shall annually match, on a
24 dollar-for-dollar basis, the program funds apportioned to their
25 county assessor's office.

26 (3) Program funds provided to participating county assessors
27 shall be used to supplement, and not supplant, existing funding.
28 For purposes of this paragraph, base staffing and funding levels
29 shall be calculated as of June 30, 2014, unless otherwise authorized
30 by the Department of Finance.

31 (4) (A) The costs paid under the program shall be both of the
32 following:

33 (i) Actual administrative costs for purposes of Section 75.60.

34 (ii) Property tax administrative costs for purposes of Section
35 95.3.

36 (B) For purposes of this paragraph, "costs paid under the
37 program" includes both of the following:

38 (i) Program funds provided to participating county assessor's
39 offices by the state.

40 (ii) Matching funds provided by the county.

1 (c) All counties shall be eligible to apply to participate in the
2 program. However, the Department of Finance shall limit program
3 participation as follows:

4 (1) (A) No more than two program participants shall be selected
5 from counties of the first or second class, inclusive, as defined in
6 Sections 28022 and 28023 of the Government Code.

7 (B) Each county selected from within the classes specified in
8 subparagraph (A) shall be eligible to receive at least 25 percent
9 of the amount annually appropriated for the program, not to exceed
10 one million eight hundred seventy-five thousand dollars
11 (\$1,875,000).

12 (C) If the number of approved program participants is not
13 sufficient to meet the number of participants allowed under
14 subparagraph (A), the number of program participants under
15 subparagraph (A) of paragraph (2) may be increased by the
16 remaining number of participants from this paragraph. The
17 remaining funds will be added to the funds available within
18 subparagraph (B) of paragraph (2) so that the total program funds
19 will be available for distribution equally among the participants
20 in paragraph (2).

21 (2) (A) No more than four program participants shall be
22 selected from counties of the third to 12th classes, inclusive, as
23 defined in Sections 28024 to 28033, inclusive, of the Government
24 Code.

25 (B) Each county selected from within the classes specified in
26 subparagraph (A) shall be eligible to receive at least 11 percent
27 of the amount annually appropriated for the program, not to exceed
28 eight hundred twenty-five thousand dollars (\$825,000).

29 (C) If the number of approved program participants is not
30 sufficient to meet the number of participants allowed under
31 subparagraph (A), the number of program participants under
32 subparagraph (A) of paragraph (3) may be increased by the
33 remaining number of participants from this paragraph. The
34 remaining funds will be added to the funds available within
35 subparagraph (B) of paragraph (3) so that the total program funds
36 set aside will be available for distribution equally among the
37 participants in paragraph (3).

38 (3) (A) No more than three program participants shall be
39 selected from counties of the 13th to 58th classes, inclusive, as

1 defined in Sections 28034 to 28079, inclusive, of the Government
2 Code.

3 (B) Each county selected from within the classes specified in
4 subparagraph (A) shall be eligible to receive at least 2 percent of
5 the amount annually appropriated for the program, not to exceed
6 one hundred fifty thousand dollars (\$150,000).

7 (4) County populations for purposes of this subdivision shall
8 be determined based on the most recent January estimate by the
9 population research unit of the Department of Finance.

10 (d) County assessors' offices that elect to apply to participate
11 in the program shall do all the following on or before September
12 15, 2014:

13 (1) Transmit to the Department of Finance a resolution of the
14 county board of supervisors that states the county agrees to provide
15 the assessor's office with matching funds, on a dollar-for-dollar
16 basis, in each year that the assessor's office participates in the
17 program.

18 (2) Submit to the Department of Finance an application, in the
19 form and manner specified by Department of Finance. The
20 Department of Finance may reject applications not received by
21 the specified date. At a minimum, the application shall include the
22 following:

23 (A) The staff the county assessor proposes to fund using program
24 funds and matching county funds.

25 (B) The estimated value that the staff identified in subparagraph
26 (A) will result in a change to the county property tax roll pursuant
27 to work performed in accordance with subparagraph (A) of
28 paragraph (1) of subdivision (f). This information shall be provided
29 for each of the three fiscal years that the program is authorized
30 to operate. The application shall separately state each of the
31 following:

32 (i) The dollar value changed on the county property tax roll by
33 county assessor's office staff in the 2013–14 fiscal year through
34 performance of the tasks described in subparagraph (A) of
35 paragraph (1) of subdivision (f).

36 (ii) The estimated countywide backlog of newly constructed real
37 property that has not yet been enrolled and the estimated rate at
38 which the staff identified in subparagraph (A) will enroll that
39 property.

1 (C) The estimated value that the staff identified in subparagraph
2 (A) will result in a change to the county property tax roll pursuant
3 to work performed in accordance with subparagraph (B) of
4 paragraph (1) of subdivision (f). This information shall be provided
5 for each of the three fiscal years that the program is authorized
6 to operate. The application shall separately state each of the
7 following:

8 (i) The dollar value changed on the county property tax roll by
9 county assessor's office staff in the 2013–14 fiscal year through
10 performance of the tasks described in subparagraph (B) of
11 paragraph (1) of subdivision (f).

12 (ii) The estimated countywide backlog of real property that has
13 changed ownership and not yet been reassessed and the estimated
14 dollar value of that real property.

15 (D) The estimated value that the staff identified in subparagraph
16 (A) will result in a change to the county property tax roll pursuant
17 to work performed in accordance with subparagraph (C) of
18 paragraph (1) of subdivision (f). This information shall be provided
19 for each of the three fiscal years that the program is authorized
20 to operate. The application shall separately state each of the
21 following:

22 (i) The dollar value changed on the county property tax roll by
23 county assessor's office staff in the 2013–14 fiscal year through
24 performance of the tasks described in subparagraph (C) of
25 paragraph (1) of subdivision (f).

26 (ii) The estimated countywide backlog of supplemental
27 assessments that have not been issued and the estimated dollar
28 value of those assessments.

29 (E) The estimated value that the staff identified in subparagraph
30 (A) will result in a change to the county property tax roll pursuant
31 to work performed in accordance with subparagraph (D) of
32 paragraph (1) of subdivision (f). This information shall be provided
33 for each of the three fiscal years that the program is authorized
34 to operate. The application shall separately state each of the
35 following:

36 (i) The dollar value changed on the county property tax roll by
37 county assessor's office staff in the 2013–14 fiscal year through
38 performance of the tasks described in subparagraph (D) of
39 paragraph (1) of subdivision (f).

1 (ii) *The estimated countywide backlog of real properties that*
2 *have not been reassessed upon modification and the estimated*
3 *dollar value that those modifications will add to the county*
4 *property tax roll.*

5 (F) *The estimated value that the staff identified in subparagraph*
6 *(A) will result in a change to the county property tax roll pursuant*
7 *to work performed in accordance with subparagraph (E) of*
8 *paragraph (1) of subdivision (f). This information shall be provided*
9 *for each of the three fiscal years that the program is authorized*
10 *to operate. The application shall separately state each of the*
11 *following:*

12 (i) *The dollar value changed on the county property tax roll by*
13 *county assessor's office staff in the 2013–14 fiscal year through*
14 *performance of the tasks described in subparagraph (E) of*
15 *paragraph (1) of subdivision (f).*

16 (ii) *The estimated countywide backlog of escaped assessments*
17 *and the estimated dollar value of those assessments.*

18 (G) *The estimated value that the staff identified in subparagraph*
19 *(A) will add to the county property tax roll pursuant to work*
20 *performed in accordance with subparagraph (F) of paragraph (1)*
21 *of subdivision (f). This information shall be provided for each of*
22 *the three fiscal years that the program is authorized to operate.*
23 *The application shall separately state each of the following:*

24 (i) *The dollar value changed on the county property tax roll by*
25 *county assessor's office staff in the 2013–14 fiscal year through*
26 *performance of the tasks described in subparagraph (F) of*
27 *paragraph (1) of subdivision (f).*

28 (ii) *The estimated countywide backlog of properties that have*
29 *not been reassessed to market value subsequent to having their*
30 *assessed values reduced and the estimated dollar value of those*
31 *reassessments.*

32 (H) *The estimated number of assessment appeals to which the*
33 *staff identified in subparagraph (A) will respond in accordance*
34 *with subparagraph (G) of paragraph (1) of subdivision (f). This*
35 *information shall be provided for each of the three fiscal years*
36 *that the program is authorized to operate. The application shall*
37 *separately state each of the following:*

38 (i) *The dollar value retained on the county property tax roll by*
39 *county assessor's office staff in the 2013–14 fiscal year through*

1 performance of the tasks described in subparagraph (G) of
2 paragraph (1) of subdivision (f).

3 (ii) The number of assessment appeals to which the county
4 assessor was unable to respond due to staffing shortages in the
5 2013–14 fiscal year, and the dollar amount by which the county
6 property tax roll was consequently reduced.

7 (I) The estimated value that the staff identified in subparagraph
8 (A) will result in a change to the county property tax roll pursuant
9 to work performed in accordance with subparagraph (H) of
10 paragraph (1) of subdivision (f). This information shall be provided
11 for each of the three fiscal years that the program is authorized
12 to operate. The application shall separately state each of the
13 following:

14 (i) The dollar value changed on the county property tax roll by
15 county assessor’s office staff in the 2013–14 fiscal year through
16 performance of the tasks described in subparagraph (H) of
17 paragraph (1) of subdivision (f).

18 (ii) The estimated amount resulting in change to the county
19 property tax roll due to additional audits completed pursuant to
20 Sections 469 and 470 and the estimated dollar value of those
21 assessments.

22 (J) The estimated value that the staff identified in subparagraph
23 (A) will result in a change to the county property tax roll pursuant
24 to work performed in accordance with subparagraph (I) of
25 paragraph (1) of subdivision (f). This information shall be provided
26 for each of the three fiscal years that the program is authorized
27 to operate. The application shall separately state each of the
28 following:

29 (i) The dollar value changed on the county property tax roll by
30 county assessor’s staff in the 2013–14 fiscal year through
31 performance of the tasks described in subparagraph (I) of
32 paragraph (1) of subdivision (f).

33 (ii) The estimated amount resulting in a change to the county
34 property tax roll due to discovering taxable property pursuant to
35 Sections 405 and 531, the estimated dollar value of those
36 assessments, and the estimated rate at which the staff identified
37 in subparagraph (A) will issue those assessments.

38 (K) State the amount of program funds and county matching
39 funds that the county assessor proposes to expend for each of
40 paragraphs (2) and (3) of subdivision (f).

1 (e) (1) *The Department of Finance shall review the applications,*
2 *select the program participants on the strength of those*
3 *applications, and notify the participants of their selection no later*
4 *than October 15, 2014. No later than October 22, 2014, and each*
5 *October 22 thereafter while the program is operative, the*
6 *Department of Finance shall instruct the office of the State*
7 *Controller to remit to each participating county the appropriate*
8 *sum in accordance with subdivision (c).*

9 (2) *It is the intent of the Legislature that the Department of*
10 *Finance seek to ensure that the applicants selected to participate*
11 *in the program consist of a representative cross section of the*
12 *state's county assessor's offices. Therefore, it is the intent of the*
13 *Legislature that the Department of Finance consider factors other*
14 *than revenue generating potential when reviewing applications.*

15 (f) *County assessors' offices shall use program funds only for*
16 *the following purposes, provided that the funds may be used for*
17 *additional, related purposes upon the receipt of specific*
18 *authorization from the Department of Finance:*

19 (1) *The payment of salaries and benefits to assessor's office*
20 *staff hired or otherwise funded subsequent to the Department of*
21 *Finance's approval of the assessor's program participation*
22 *application pursuant to subdivision (d), to assist with the following*
23 *activities:*

24 (A) *Assessing and enrolling newly constructed real property.*

25 (B) *Reassessing real property that has changed ownership.*

26 (C) *Processing supplemental assessments for real property that*
27 *has changed ownership.*

28 (D) *Reassessing existing real property that has been modified*
29 *in a way that changes its current assessed value.*

30 (E) *Reassessing real and personal property that has escaped*
31 *assessment, as defined in Section 531.*

32 (F) *Reassessing to current market value those real properties*
33 *for which the county assessor previously reduced the assessed*
34 *valuation pursuant to subdivision (b) of Section 2 of Article XIII*
35 *A of the Constitution.*

36 (G) *Responding to real property assessment appeals pursuant*
37 *to Part 3 (commencing with Section 1601) of Division 1.*

38 (H) *Conducting property tax audits pursuant to Sections 469*
39 *and 470.*

1 (I) Discovering real and personal property not previously
2 assessed.

3 (2) Procuring office space for staff hired pursuant to paragraph
4 (1).

5 (3) Procuring office supplies and related items for staff hired
6 pursuant to paragraph (1).

7 (4) Procuring information technology systems and software to
8 assist with the activities specified in subparagraphs (A) to (G),
9 inclusive, of paragraph (1) by increasing efficiencies and
10 effectiveness of property tax administration, and allowing for
11 appropriate utilization of program receipts. For purposes of this
12 paragraph, “information technology systems and software” shall
13 exclude desktop computers, portable computers, tablet computers,
14 and mobile phones, unless specifically authorized by the
15 Department of Finance.

16 (g) No later than April 15, 2015, and each subsequent April 15
17 that the program is operative, each participating county assessor’s
18 office shall report the following information to the Department of
19 Finance in the form and manner specified by the Department of
20 Finance:

21 (1) The matching funds provided by the county in the fiscal year.

22 (2) A status report for completing the assessment activities using
23 program funds and county matching funds to meet the benchmarks
24 specified in paragraph (2) of subdivision (a) in the next fiscal year.

25 (h) No later than September 15, 2015, and each subsequent
26 September 15 that the program is operative, each participating
27 county assessor’s office shall report the following information to
28 the Department of Finance in the form and manner specified by
29 the Department of Finance:

30 (1) (A) The matching funds provided by the county in the fiscal
31 year.

32 (B) If the matching funds provided by the county are less than
33 the amount determined for that year by the Department of Finance
34 pursuant to paragraph (2) of subdivision (b), the Director of
35 Finance shall immediately terminate the county’s participation in
36 the program.

37 (2) The number of staff whose salaries and benefits were paid
38 in full with program grant funds and with county matching funds
39 in the fiscal year.

1 (3) *The number of properties assessed and enrolled in the fiscal*
2 *year pursuant to subparagraph (A) of paragraph (1) of subdivision*
3 *(f) by the staff identified in paragraph (1) of subdivision (f), and*
4 *the total assessed value of those properties. If applicable, the*
5 *county assessor shall separately report the number of properties*
6 *assessed and enrolled in the fiscal year using the information*
7 *technology systems and software identified in paragraph (4) of*
8 *subdivision (f) and the total assessed value of those properties.*

9 (4) *The number of properties reassessed in the fiscal year*
10 *pursuant to subparagraph (B) of paragraph (1) of subdivision (f)*
11 *by the staff identified in paragraph (1) of subdivision (f), and the*
12 *total roll value of those reassessments. If applicable, the county*
13 *assessor shall separately report the number of properties*
14 *reassessed in the fiscal year using the information technology*
15 *systems and software identified in paragraph (4) of subdivision*
16 *(f) and the total roll value of those reassessments.*

17 (5) *The number of supplemental assessments enrolled in the*
18 *fiscal year pursuant to subparagraph (C) of paragraph (1) of*
19 *subdivision (f) by the staff identified in paragraph (1) of subdivision*
20 *(f), and the total roll value of those supplemental assessments. If*
21 *applicable, the county assessor shall separately report the number*
22 *of supplemental assessments enrolled in the fiscal year using the*
23 *information technology systems and software identified in*
24 *paragraph (4) of subdivision (f) and the total roll value of those*
25 *supplemental assessments.*

26 (6) *The number of properties reassessed in the fiscal year*
27 *pursuant to subparagraph (D) of paragraph (1) of subdivision (f)*
28 *by the staff identified in paragraph (1) of subdivision (f) and the*
29 *total roll value of those reassessments. If applicable, the county*
30 *assessor shall separately report the number of properties*
31 *reassessed in the fiscal year using the information technology*
32 *systems and software identified in paragraph (4) of subdivision*
33 *(f) and the total roll value of those reassessments.*

34 (7) *The number of escaped assessments enrolled in the fiscal*
35 *year pursuant to subparagraph (E) of paragraph (1) of subdivision*
36 *(f) by the staff identified in paragraph (1) of subdivision (f), and*
37 *the total roll value of those assessments. If applicable, the county*
38 *assessor shall separately report the number of escaped assessments*
39 *enrolled in the fiscal year using the information technology systems*

1 *and software identified in paragraph (4) of subdivision (f) and the*
2 *total roll value of those assessments.*

3 *(8) The number of properties reassessed in the fiscal year*
4 *pursuant to subparagraph (F) of paragraph (1) of subdivision (f)*
5 *by the staff identified in paragraph (1) of subdivision (f), and the*
6 *total roll value of those reassessments. If applicable, the county*
7 *assessor shall separately report the number of properties*
8 *reassessed in the fiscal year using the information technology*
9 *systems and software identified in paragraph (4) of subdivision*
10 *(f) and the total roll value of those reassessments.*

11 *(9) The number of assessment appeals successfully responded*
12 *to in the fiscal year pursuant to subparagraph (G) of paragraph*
13 *(1) of subdivision (f) by the staff identified in paragraph (1) of*
14 *subdivision (f) and the total value retained on the roll as a result.*
15 *For purposes of this paragraph, “successfully responded to” means*
16 *the assessment appeals board did not reduce the assessed value*
17 *to that claimed by the appellant.*

18 *(10) The additional number of property tax audits completed*
19 *in the fiscal year pursuant to subparagraph (H) of paragraph (1)*
20 *of subdivision (f) by the staff identified in paragraph (1) of*
21 *subdivision (f) and the total value retained on the roll as a result.*
22 *For purposes of this paragraph, additional audits refers to the*
23 *number greater than the required volume of pool audits pursuant*
24 *to Section 469.*

25 *(11) The number of properties discovered pursuant*
26 *subparagraph (I) of paragraph (1) of subdivision (f) by the staff*
27 *identified in paragraph (1) of subdivision (f) and the total value*
28 *retained on the roll as a result.*

29 *(i) The Department of Finance shall annually review the*
30 *information submitted pursuant to subdivision (g), and shall*
31 *determine for each county whether the work performed using*
32 *program funds and county matching funds has met the benchmarks*
33 *specified in paragraph (2) of subdivision (a). Subsequent to the*
34 *provision of 30 days’ notice to the Joint Legislative Budget*
35 *Committee, the Director of Finance may terminate the participation*
36 *of a county assessor’s office in the program under the following*
37 *circumstances:*

38 *(1) If the program activities of the assessor’s office have not*
39 *met the benchmarks specified in paragraph (2) of subdivision (a),*
40 *and if the Director of Finance believes the assessor’s office does*

1 *not have a viable plan for performing additional assessment*
2 *activities that will meet those benchmarks in the next fiscal year.*

3 *(2) If the program funds were expended for purposes not*
4 *authorized in subdivision (f), or as otherwise approved by the*
5 *Department of Finance pursuant to that subdivision.*

6 *(3) If the Director of Finance believes that the county's*
7 *participation is no longer in the best fiscal or policy interest of*
8 *the state or of the affected taxing entities.*

9 *(j) Upon the request of the Department of Finance, participating*
10 *county assessors' offices shall provide the Department of Finance*
11 *with any supplemental information necessary to substantiate the*
12 *information contained in the report submitted pursuant to*
13 *subdivision (g).*

14 *(k) No later than May 8, 2017, the Department of Finance shall*
15 *provide the Joint Legislative Budget Committee with a report that,*
16 *at a minimum, includes the following information for each county*
17 *and for each fiscal year that the program was in operation:*

18 *(1) The assessed value of properties enrolled pursuant to*
19 *subparagraph (A) of paragraph (1) of subdivision (f), using*
20 *program funds and county matching funds. If applicable, the*
21 *Department of Finance shall separately report the assessed value*
22 *of properties enrolled using the information technology systems*
23 *and software identified in paragraph (4) of subdivision (f).*

24 *(2) The increase in assessed value of properties reassessed*
25 *pursuant to subparagraph (B) of paragraph (1) of subdivision (f),*
26 *using program funds and county matching funds. If applicable,*
27 *the Department of Finance shall separately report the increase in*
28 *assessed value of properties reassessed using the information*
29 *technology systems and software identified in paragraph (4) of*
30 *subdivision (f).*

31 *(3) The total value of the supplemental assessments levied*
32 *pursuant to subparagraph (C) of paragraph (1) of subdivision (f),*
33 *using program funds and county matching funds. If applicable,*
34 *the Department of Finance shall separately report the value of the*
35 *supplemental assessments levied using the information technology*
36 *systems and software identified in paragraph (4) of subdivision*
37 *(f).*

38 *(4) The increase in assessed value of properties reassessed*
39 *pursuant to subparagraph (D) of paragraph (1) of subdivision (f),*
40 *using program funds and county matching funds. If applicable,*

1 *the Department of Finance shall separately report the increase in*
2 *assessed value of properties reassessed using the information*
3 *technology systems and software identified in paragraph (4) of*
4 *subdivision (f).*

5 (5) *The increase in assessed value associated with escaped*
6 *assessments enrolled pursuant to subparagraph (E) of paragraph*
7 *(1) of subdivision (f), using program funds and county matching*
8 *funds. If applicable, the Department of Finance shall separately*
9 *report the increase in assessed value associated with escaped*
10 *assessments enrolled using the information technology systems*
11 *and software identified in paragraph (4) of subdivision (f).*

12 (6) *The increase in assessed value associated with properties*
13 *reassessed pursuant to subparagraph (F) of paragraph (1) of*
14 *subdivision (f), using program funds and county matching funds.*
15 *If applicable, the Department of Finance shall separately report*
16 *the increase in assessed value associated with properties*
17 *reassessed using the information technology systems and software*
18 *identified in paragraph (4) of subdivision (f).*

19 (7) *The number of assessment appeals successfully responded*
20 *to pursuant to subparagraph (G) of paragraph (1) of subdivision*
21 *(f), using program funds and county matching funds, and the*
22 *amount of assessed value retained on the roll as a result. For*
23 *purposes of this paragraph, “successfully responded to” means*
24 *the assessment appeals board did not reduce the assessed value*
25 *to that claimed by the appellant.*

26 (8) *The increase in assessed value associated with property tax*
27 *audits pursuant to subparagraph (H) of paragraph (1) of*
28 *subdivision (f), using program funds and county matching funds.*
29 *If applicable, the Department of Finance shall separately report*
30 *the increase in assessed value associated with escaped assessments*
31 *enrolled using the information technology systems and software*
32 *identified in paragraph (4) of subdivision (f).*

33 (9) *The increase in assessed value associated with the discovery*
34 *of previously unassessed property pursuant to subparagraph (I)*
35 *of paragraph (1) of subdivision (f), using program funds and county*
36 *matching funds. If applicable, the Department of Finance shall*
37 *separately report the increase in assessed value associated with*
38 *escaped assessments enrolled using the information technology*
39 *systems and software identified in paragraph (4) of subdivision*
40 *(f).*

1 (10) An estimate of the countywide property tax revenue
2 resulting from the assessed valuation increases identified pursuant
3 to paragraphs (1) to (9), inclusive, and paragraphs (8) and (9).

4 (11) An estimate of the countywide property tax revenue that
5 was retained as a result of the appeals workload identified in
6 paragraph (7).

7 (12) An estimate of the amount of revenue identified in
8 paragraphs (10) and (11) that accrued to the following entities:

9 (A) K-12 school districts.

10 (B) California Community College districts.

11 (C) County Offices of Education.

12 (13) A determination as to whether the program succeeded
13 according to the criteria specified in paragraph (3) of subdivision
14 (a), and a recommendation as to whether the program should be
15 continued in its current form, expanded to include additional
16 county assessors' offices, or terminated in the 2017–18 fiscal year.

17 (l) The Legislature finds and declares there is a compelling
18 public interest in allowing the Department of Finance to implement
19 and administer the provisions of this section as expeditiously as
20 possible, and to thereby accelerate countywide equalization efforts.
21 The Department of Finance is therefore exempt from the provisions
22 of the Administrative Procedure Act (Chapter 3.5 (commencing
23 with Section 11340) of Part 1 of Division 3 of Title 2 of the
24 Government Code) for the express purpose of carrying out the
25 duties in this section.

26 SEC. 90. Section 1112 of the Unemployment Insurance Code
27 is amended to read:

28 1112. (a) Any employer who without good cause fails to pay
29 any contributions required of him or her or of his or her workers,
30 except amounts assessed under Article 8 of this chapter, within
31 the time required shall pay a penalty of ~~10~~ 15 percent of the amount
32 of those contributions.

33 (b) Any employer required to remit payments by electronic
34 funds transfer pursuant to Section 13021, who without good cause
35 remits those amounts by means other than electronic funds transfer
36 shall pay a penalty of ~~10~~ 15 percent of the amount of those
37 contributions.

38 (c) The changes made to this section by the act adding this
39 subdivision shall apply on and after July 1, 2014.

1 *SEC. 91. Section 1112.5 of the Unemployment Insurance Code*
2 *is amended to read:*

3 1112.5. (a) Any employer who without good cause fails to file
4 the return and reports required by subdivision (a) of Section 1088
5 and subdivision (a) of Section 13021 within 60 days of the time
6 required under subdivision (a) of Section 1110 shall pay a penalty
7 of ~~10~~ 15 percent of the amount of contributions and personal
8 income tax withholding required by this report. This penalty shall
9 be in addition to the penalties required by Sections 1112 and 1126.

10 (b) For purposes of subdivision (a), the amount of contributions
11 and personal income tax required by the report of contributions
12 shall be reduced by the amount of any contributions and personal
13 income tax paid on or before the prescribed payment dates.

14 (c) *The changes made to this section by the act adding this*
15 *subdivision shall apply on and after July 1, 2014.*

16 *SEC. 92. Section 1114 of the Unemployment Insurance Code*
17 *is amended to read:*

18 1114. (a) Any employer who, without good cause, fails to file
19 within 15 days after service by the director of notice pursuant to
20 Section 1206 of a specific written demand therefor, a report of
21 wages of each of his or her workers required by this division, shall
22 pay in addition to other amounts required, for each unreported
23 wage item a penalty of ~~ten~~ twenty dollars ~~(\$10)~~: (\$20).

24 (b) Any employer required by this division to file a report of
25 wages of each of his or her workers on magnetic media as
26 prescribed by subdivision (f) of Section 1088, who, without good
27 cause, instead files a report of wages on paper or in another form,
28 shall pay in addition to other amounts required, for each wage item
29 a penalty of ~~ten~~ twenty dollars ~~(\$10)~~: (\$20).

30 (c) *The changes made to this section by the act adding this*
31 *subdivision shall apply on and after July 1, 2014.*

32 *SEC. 93. Section 1126 of the Unemployment Insurance Code*
33 *is amended to read:*

34 1126. (a) If any employing unit fails to make a return or report
35 as required under this division, the director shall make an estimate
36 based upon any information in his or her possession or that may
37 come into his or her possession of the amount of wages paid for
38 employment in the period or periods for which no return or report
39 was filed and upon the basis of the estimate shall compute and
40 assess the amounts of employer and worker contributions payable

1 by the employing unit, adding thereto a penalty of ~~10~~ 15 percent
2 of the amount of contributions.

3 *(b) The changes made to this section by the act adding this*
4 *subdivision shall apply on and after July 1, 2014.*

5 SEC. 94. Section 1127 of the Unemployment Insurance Code
6 is amended to read:

7 1127. (a) If the director is not satisfied with any return or
8 report made by any employing unit of the amount of employer or
9 worker contributions, he or she may compute the amount required
10 to be paid upon the basis of facts contained in the return or reports
11 or may make an estimate upon the basis of any information in his
12 or her possession or that may come into his or her possession and
13 make an assessment of the amount of the deficiency. If any part
14 of the deficiency is due to negligence or intentional disregard of
15 this division or authorized regulations, a penalty of ~~10~~ 15 percent
16 of the amount of the deficiency shall be added to the assessment.

17 *(b) The changes made to this section by the act adding this*
18 *subdivision shall apply on and after July 1, 2014.*

19 SEC. 95. Section 1135 of the Unemployment Insurance Code
20 is amended to read:

21 1135. (a) Assessments under this article become delinquent
22 if not paid on or before the date they become final pursuant to
23 Sections 1036, 1221, 1222, and 1224. There shall be added to the
24 amount of each delinquent assessment a penalty of ~~10~~ 15 percent
25 of the amount thereof exclusive of interest and penalties.

26 *(b) The changes made to this section by the act adding this*
27 *subdivision shall apply on and after July 1, 2014.*

28 SEC. 96. Section 1585.5 of the Unemployment Insurance Code
29 is amended to read:

30 1585.5. (a) The director shall estimate the amount of penalties
31 and interest collected by the department pursuant to Division 6
32 (commencing with Section 13000) relating to the withholding of
33 personal income tax and shall transfer such amount to the Personal
34 Income Tax Fund on a quarterly basis.

35 *(b) For the 2014–15 fiscal year, the quarterly transfer to the*
36 *Personal Income Tax Fund pursuant to subdivision (a) is*
37 *suspended.*

38 SEC. 97. Section 2 of Chapter 469 of the Statutes of 2002 is
39 amended to read:

1 Sec. 2. There is hereby appropriated the sum of one hundred
2 thousand dollars (\$100,000) for each fiscal year from the General
3 Fund to the ~~California State Military Museum~~ *Military Department*
4 for the establishment and operation of the ~~museum and resource~~
5 ~~center specified~~ *California State Military Museum and Resource*
6 *Center* described in Section 179 of the Military and Veterans Code.

7 SEC. 98. *The amount of two million dollars (\$2,000,000) is*
8 *hereby appropriated from the General Fund to the Governor's*
9 *Office of Business and Economic Development on a one-time basis*
10 *to be used to draw down federal funding in support of the Small*
11 *Business Development Center Network Program. These funds shall*
12 *be available for encumbrance and expenditure until June 30, 2017.*

13 SEC. 99. *This act is a bill providing for appropriations related*
14 *to the Budget Bill within the meaning of subdivision (e) of Section*
15 *12 of Article IV of the California Constitution, has been identified*
16 *as related to the budget in the Budget Bill, and shall take effect*
17 *immediately.*

18 SEC. 100. *If the Commission on State Mandates determines*
19 *that this act contains costs mandated by the state, reimbursement*
20 *to local agencies and school districts for those costs shall be made*
21 *pursuant to Part 7 (commencing with Section 17500) of Division*
22 *4 of Title 2 of the Government Code.*

23 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
24 ~~changes relating to the Budget Act of 2014.~~