

AMENDED IN SENATE MAY 5, 2014

**SENATE BILL**

**No. 969**

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**Introduced by Senator DeSaulnier**  
*(Coauthors: Senators Beall, Gaines, and Galgiani)*

February 10, 2014

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An act to amend Sections 8847 and 8847.1 of, to amend the heading of Chapter 11 (commencing with Section 8847) of Division 1 of Title 2 of, and to add Sections 8849 and 8850 to, the Government Code, relating to public works.

LEGISLATIVE COUNSEL'S DIGEST

SB 969, as amended, DeSaulnier. Public works.

Existing law generally defines "public work" as construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds; work done for irrigation, utility, reclamation, and improvement districts, and other districts of this type; street, sewer, or other improvement work done under the direction and supervision or by the authority of any officer or public body of the state or of any political subdivision or district thereof, and public transportation demonstration projects, as specified. Existing law, the Public Works Project Peer Review Act of 2013, authorizes a public agency principally tasked with administering, planning, developing, and operating a public works project to establish a peer review group, as defined. If a peer review group is established, existing law requires the administering agency to draft a charter, published on the agency's Internet Web site, related to the duties of the peer review group.

This bill would authorize these provisions, instead, to be known and cited as the Public Works Project ~~Overview~~ *Oversight* Improvement

Act. The bill would define a “megaproject” as a transportation project with total estimated development and construction costs exceeding \$1,000,000,000. The bill would require the agency administering a megaproject to establish a peer review group and to take specified actions to manage the risks associated with a megaproject including establishing a comprehensive risk management plan, and regularly reassessing its reserves for potential claims and unknown risks. Because this bill would require local agencies to perform additional duties, the bill would impose a state-mandated local program.

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.

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

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

1 SECTION 1. The heading of Chapter 11 (commencing with  
2 Section 8847) of Division 1 of Title 2 of the Government Code is  
3 amended to read:

4  
5 CHAPTER 11. THE PUBLIC WORKS PROJECT ~~OVERVIEW~~  
6 OVERSIGHT IMPROVEMENT ACT  
7

8 SEC. 2. Section 8847 of the Government Code is amended to  
9 read:

10 8847. This chapter shall be known and may be cited as the  
11 Public Works Project ~~Overview~~ Oversight Improvement Act.

12 SEC. 3. Section 8847.1 of the Government Code is amended  
13 to read:

14 8847.1. For purposes of this chapter, the following terms have  
15 the following meanings, unless expressly stated otherwise:

16 (a) “Administering agency” means a public agency principally  
17 tasked with administering, planning, developing, and operating a  
18 public works project.

1 (b) “Megaproject” means a transportation project with total  
2 estimated development and construction costs exceeding one billion  
3 dollars (\$1,000,000,000).

4 (c) “Peer review group” means a group of persons qualified by  
5 training and experience in particular scientific or technical fields  
6 related to the public works project under review, who give expert  
7 advice on the scientific and technical aspects of the public works  
8 project.

9 SEC. 4. Section 8849 is added to the Government Code, to  
10 read:

11 8849. To ensure that an administering agency manages the  
12 risks associated with a megaproject, the agency shall, at a  
13 minimum, take all of the following actions:

14 (a) Establish a comprehensive risk management plan that clearly  
15 defines roles and responsibilities for risk management and  
16 addresses the process by which it will identify and quantify project  
17 risks, implement and track risk response activities, and monitor  
18 and control risks throughout the duration of the project.

19 (b) Qualify the effect of identified risks in financial terms.

20 (c) Develop and maintain documents to track identified risks  
21 and related mitigation steps.

22 (d) Regularly update its estimates of ~~capital~~ *capital* and ~~capital~~  
23 *capital* outlay support costs.

24 (e) Regularly reassess its reserves for potential claims and  
25 unknown risks, incorporating information related to risks identified  
26 and quantified through its risk assessment process.

27 (f) Regularly integrate estimates for capital, capital outlay  
28 support costs, and contingency reserves into a programwide report.

29 SEC. 5. Section 8850 is added to the Government Code, to  
30 read:

31 8850. (a) In the case of a megaproject, an administering agency  
32 shall establish a peer review group for the purpose of reviewing  
33 the planning, engineering, financing, and other elements of the  
34 agency’s plans and issuing an analysis to the agency’s governing  
35 board, or in the case of a state agency, to the Legislature.

36 (b) The administering agency shall provide the peer review  
37 group any and all information that the peer review group may  
38 request to carry out its responsibilities.

39 (c) This section does not apply to any peer review group created  
40 on or before January 1, 2014, by another provision of law.

1     SEC. 6. If the Commission on State Mandates determines that  
2 this act contains costs mandated by the state, reimbursement to  
3 local agencies and school districts for those costs shall be made  
4 pursuant to Part 7 (commencing with Section 17500) of Division  
5 4 of Title 2 of the Government Code.

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