

Introduced by Senators De León and Leno**(Coauthors: Senators Allen, Hernandez, Hill, Huff, Lara, Liu, Mitchell, Pavley, and Roth)**

(Coauthors: Assembly Members Atkins, Bloom, Burke, Chau, Chiu, Chu, Dababneh, Gatto, Gipson, Gomez, Gordon, Holden, Jones-Sawyer, Levine, Mullin, Nazarian, O'Donnell, Olsen, Rendon, Ridley-Thomas, Santiago, Mark Stone, Ting, and Wilk)

December 1, 2014

An act relating to public contracts, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 41, as introduced, De León. Public contracts: 2024 Olympic Games and Paralympic Games.

Existing law provides specified requirements in awarding certain public contracts.

This bill would authorize the Governor to sign agreements required by the United States Olympic Committee as part of the bid process for the City of Los Angeles or the City and County of San Francisco to become the United States applicant city and candidate city for the 2024 Olympic Games and Paralympic Games.

This bill would make legislative findings and declarations that, among other things, the endorsing municipality, as defined, has developed a self-sufficient bid for financing the games. This bill would authorize the Governor to enter into an agreement for the state to be jointly liable, not to exceed a specified amount, with the Organizing Committee for the Olympic Games (OCOG), as specified, for obligations of the OCOG, and for any financial deficit relating to the games, as provided.

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

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

1 SECTION 1. This act is known, and may be cited as, The 2024
2 Olympic Games and Paralympic Games Act.

3 SEC. 2. For purposes of this act:

4 (a) “Applicant committee agreement” means agreements to be
5 entered into between the Organizing Committee for the Olympic
6 Games (OCOG) and the United States Olympic Committee
7 (USOC) if, and upon, the USOC’s selection of the City of Los
8 Angeles or the City and County of San Francisco as the official
9 United States candidate city.

10 (b) “Bid committee agreement” means agreements entered into
11 between the OCOG and the USOC governing the OCOG and the
12 bid process.

13 (c) “Endorsing municipality” means the City of Los Angeles
14 or the City and County of San Francisco which has authorized a
15 bid by a OCOG for selection of the municipality as the site of the
16 Olympic Games and Paralympic Games.

17 (d) “Games” means the 2024 Olympic Games.

18 (e) “Games support contract” means a joinder undertaking, a
19 joinder agreement, or a similar contract executed by the Governor
20 and containing terms permitted or required by this act.

21 (f) “Joinder agreement” means an agreement entered into by:

22 (1) The Governor, on behalf of this state, and a site selection
23 organization setting out representations and assurances by the state
24 in connection with the selection of a site in this state for the
25 location of the games.

26 (2) The endorsing municipality and a site selection organization
27 setting out representations and assurances by the endorsing
28 municipality in connection with the selection of a site in this state
29 for the location of the games.

30 (g) “Joinder undertaking” means an agreement entered into by:

31 (1) The Governor, on behalf of this state, and a site selection
32 organization that the state will execute a joinder agreement in the

1 event that the site selection organization selects a site in this state
2 for the games.

3 (2) The endorsing municipality and a site selection organization
4 that the endorsing municipality will execute a joinder agreement
5 in the event that the site selection organization selects a site in this
6 state for the games.

7 (h) “OCOG” means a nonprofit corporation, or its successor in
8 interest, that:

9 (1) Has been authorized by the endorsing municipality to pursue
10 an application and bid on the applicant’s behalf to a site selection
11 organization for selection as the site for the games.

12 (2) With the authorization of the endorsing municipality, has
13 executed the bid committee agreement with a site selection
14 organization regarding a bid to host the games.

15 (i) “Site selection organization” means the United States
16 Olympic Committee, the International Olympic Committee, the
17 International Paralympic Committee, all three or some
18 combination, as applicable.

19 SEC. 3. The Legislature finds and declares all of the following:

20 (a) The purpose of this act is to provide assurances required by
21 a site selection organization sponsoring the games.

22 (b) Hosting the games in California is expected to generate
23 billions of dollars for the state’s economy. The endorsing
24 municipality has developed a self-sufficient bid for financing games
25 that is based on realistic and conservative revenue scenarios and
26 has budgeted sufficient funds to reimburse security and other
27 service costs provided by local regional governments during the
28 games.

29 (c) The endorsing municipality plans to host an environmentally
30 responsible games; has committed to sports and recreational
31 opportunities for young people throughout each area by planning
32 to generate a legacy for youth programs and other sports purposes
33 in California with excess revenues from the games; and plans to
34 develop and implement a unique and broad-based, statewide
35 cultural program.

36 (d) The endorsing municipality has involved athletes, sports
37 professionals, environmentalists, business and financial experts,
38 nonprofit organizations, youth service leaders, and individuals
39 who represent the entire diversity of area in its bid and board of
40 directors.

1 (e) The USOC requires that all bid states, bid cities, and bid
2 committees execute certain agreements including the joinder
3 undertaking, which joinder undertaking must be executed on or
4 before ____.

5 (f) The endorsing municipality expects that if it is chosen as the
6 host city, and once the games have concluded, there will be net
7 revenue exceeding expenses that can be devoted to legacy programs
8 for youth and citizens of California.

9 SEC. 4. (a) The Governor may agree, in accordance with law
10 and subject to Sections 5 and 6 of this act, in a joinder undertaking
11 entered into with a site selection organization that:

12 (1) The Governor shall execute a joinder agreement if the site
13 selection organization selects a site in this state for the games.

14 (2) The state shall refrain, during the period, or any portion
15 thereof, between the execution of the joinder undertaking and
16 award by the International Olympic Committee (IOC) of the games
17 to a host city, from becoming a party to or approving or consenting
18 to any act, contract, commitment, or other action contrary to, or
19 which might affect, any of the obligations stipulated in the joinder
20 agreement.

21 (3) The Governor may agree that any dispute in connection with
22 the joinder undertaking arising during the period between the
23 execution of the joinder undertaking and the IOC's award of the
24 games to a host city shall be definitively settled as provided in the
25 bid committee agreement.

26 (b) The Governor may agree in a joinder agreement that the
27 state shall, in accordance with law and subject to Sections 5 and
28 6 of this act, do the following:

29 (1) Provide or cause to be provided any or all of the state
30 government funding, facilities, and other resources specified in
31 the OCOG's bid to host the games.

32 (2) The state will be liable, solely by means of the funding
33 mechanism established by Sections 5 and 6 of this act, for:

34 (A) Obligations of the OCOG to a site selection organization,
35 including obligations indemnifying the site selection organization
36 against claims of and liabilities to third parties arising out of or
37 relating to the games.

38 (B) Any financial deficit relating to the OCOG or the games.

39 (3) The state's liability shall not exceed the amount of funds
40 appropriated to the Olympic Games Trust Fund established in

1 Section 5 of this act. Any liability above this amount shall be the
2 responsibility of the OCOG.

3 (4) Acknowledge that the OCOG will be bound by a series of
4 agreements with the site selection organization as set forth in the
5 joinder agreement.

6 (C) The Governor shall execute a joinder undertaking and a
7 joinder agreement, provided the parties conform with this act.

8 (D) A games support contract may contain any additional
9 provisions the Governor requires in order to carry out the purposes
10 of this act.

11 SEC. 5. (a) There is hereby established in the State Treasury
12 a special fund to be known as the “Olympic Games Trust Fund.”

13 (b) The state may choose to fund the Olympic Games Trust
14 Fund in any manner it considers appropriate, and at the time or
15 times the state determines necessary. It is the intent of the
16 Legislature that the funding mechanism for the fund shall be
17 determined on or about the time of the selection of the endorsing
18 municipality as the host city by the International Olympic and
19 Paralympic Committees.

20 (c) The funds in the trust fund may be used only for the sole
21 purpose of fulfilling the obligations of the state under a games
22 support contract to provide adequate security as described in
23 Section 6.

24 (d) No additional state funds shall be deposited into the Olympic
25 Games Trust Fund once the Director of Finance determines that
26 the account has achieved, or is reasonably expected to otherwise
27 accrue, a sufficient balance to provide adequate security, acceptable
28 to the site selection organization, to demonstrate the state’s ability
29 to fulfill its obligations under a games support contract, or any
30 other agreement, to indemnify and insure up to two hundred fifty
31 million dollars (\$250,000,000) of any net financial deficit and
32 general liability resulting from the conduct of the games.

33 (e) If the endorsing municipality is selected by the site selection
34 organization as the host city for the games, the Olympic Games
35 Trust Fund shall be maintained until a determination by the
36 Department of Finance is made that the state’s obligations under
37 a games support contract, or any other agreement, to indemnify
38 and insure against any net financial deficit and general liability
39 resulting from the conduct of the games are satisfied and
40 concluded, at which time the trust fund shall be terminated. If the

1 endorsing municipality in the State of California is not selected
2 by the United States Olympic Committee as the United States
3 candidate city to host the games, or if the endorsing municipality
4 is not selected by the IOC as the host city for the games, the
5 Olympic Games Trust Fund shall be immediately terminated.

6 (f) Upon the termination of the Olympic Games Trust Fund, all
7 sums earmarked, transferred, or contained in the fund, along with
8 any investment earnings retained in the fund, shall immediately
9 revert to the General Fund.

10 SEC. 6. (a) Any moneys deposited, transferred, or otherwise
11 contained in the Olympic Games Trust Fund established in Section
12 5 shall be, upon appropriation by the Legislature, used for the sole
13 purpose of obtaining adequate security, acceptable to the United
14 States Olympic Committee and the International Olympic and
15 Paralympic Committees, to demonstrate the state's ability to fulfill
16 its obligations under a games support contract to indemnify and
17 insure up to two hundred fifty million dollars (\$250,000,000) of
18 any general liability and net financial deficit resulting from the
19 conduct of the games. The security may be provided by moneys
20 contained in the trust fund as provided in Section 5 of this act, or
21 by insurance coverage, letters of credit, or other acceptable secured
22 instruments purchased or secured by the moneys, or by any
23 combination thereof. In no event may the liability of the state under
24 all games support contracts, any other agreements related to the
25 conduct of the games, and all financial obligations of the state
26 otherwise arising under this act, exceed two hundred fifty million
27 dollars (\$250,000,000) in the aggregate.

28 (b) Obligations authorized by this act shall be payable solely
29 from the Olympic Games Trust Fund. Neither the full faith and
30 credit nor the taxing power of the state are or may be pledged for
31 any payment under any obligation authorized by this act.

32 SEC. 7. The state shall be the payer of last resort with regard
33 to any net financial deficit as defined in this act. The security
34 provided pursuant to this act may not be accessed to cover any
35 general liability and net financial deficit indemnified by the state
36 under the games support contract until:

37 (a) The security provided by the OCOG is fully expended and
38 exhausted.

39 (b) Any security provided by any other person or entity is fully
40 expended and exhausted.

1 (c) The limits of available insurance policies covering any
2 general liability obligation and the net financial deficit, or any
3 expense or liability used in determining the net financial deficit,
4 have been fully expended and exhausted.

5 (d) Payment has been sought by the OCOG from all third parties
6 owing moneys or otherwise liable to the OCOG.

7 SEC. 8. The OCOG shall list the state as an additional insured
8 on any policy of insurance purchased by the OCOG to be in effect
9 in connection with the preparation for and conduct of the games.

10 SEC. 9. The OCOG may not engage in any conduct that reflects
11 unfavorably upon this state, the endorsing municipality, or the
12 games, or that is contrary to law or to the rules and regulations of
13 the United States Olympic Committee and the International
14 Olympic and Paralympic Committees.

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

19 In order to meet deadlines for the bid process for the 2024
20 Olympic Games, it is necessary that this act go into immediate
21 effect.