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SENATE BILL

No. 50

Introduced by Senator O'Connell and Assembly Members

Havice, Scott, Wayne, and Wildman

(Principal coauthor: Senator Greene)

(Principal coauthors: Assembly Members Alquist, Baca, Cardoza, Davis, Escutia, Mazzoni, Ortiz, Thomson, and Villaraigosa)

(Coauthors: Senators Alpert, Costa, Dills, Hughes, Karnette, Lee, Polanco, Solis, and Watson)

(Coauthors: Assembly Members Cardenas, Ducheny, Honda, Kuehl, Lempert, Machado, Martinez, Migden, Murray, Papan, Perata, ~~Scott~~, Shelley, Strom-Martin, Sweeney, ~~Washington, and Wildman~~) and Washington)

December 2, 1996

~~An act to add Part 68 (commencing with Section 100400) to the Education Code~~ *An act to amend Sections 17014, 17260, 17262, 17303, 17305, and 17306 of, to add Sections 17005.6,*



17005.7, 17005.8, 17009.5, 17030.1, and 17060.5 to, to add Part 68 (commencing with Section 100400) to, to repeal Section 15101 of, and to repeal and add Section 17261 of, the Education Code, to amend Section 1003 of the Elections Code, and to amend Section 4420 of the Government Code, relating to education facilities ~~funding~~, making an appropriation therefor; and by providing the funds necessary therefor through an election for, and the issuance and sale of, bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 50, as amended, O'Connell Education: Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998: *school facilities construction.*

(1) Under existing law, known as the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (hereafter the "Greene Act"), the State Allocation Board (hereafter "the board") is authorized to apportion state funding to applicant school districts for designated school facilities construction purposes.

This bill would require the board to adopt guidelines for use by districts by June 1, 1999, to achieve measurable reductions in the costs of school facilities construction. The bill would prohibit the board from apportioning funds to school a district, unless the district certifies that the services of any architect, structural engineer, or other design professional was obtained pursuant to a competitive process. The bill would provide that any savings achieved by a school district's efficient and prudent expenditure of state funds shall be retained by the district, in a county fund that would be required to be created, thereby imposing a state-mandated local program, for expenditure for other high priority capital outlay purposes. The bill would require, as part of a school district's application for facilities funds, a certification that the district has considered the feasibility of the joint use of land and facilities with other governmental entities in order to minimize school facilities costs.



(2) Existing law requires the State Department of Education to establish a pool of duplicate plans for school buildings appropriate for school districts in rural areas and provides for payment for the actual cost of the plans by the districts for deposit in the State Treasury to the credit of the General Fund. Existing law defines school building for this purpose to mean a one-story schoolhouse of not more than 9 classrooms.

This bill would, instead, require the State Allocation Board to obtain construction plans for school buildings appropriate for school districts in the various climates and geographical conditions of the state requiring school buildings of various sizes, would delete this definition of school building and would, instead, make the definition of school building set forth in the Field Act relating to seismic safety apply to these provisions, and would make other conforming and technical, nonsubstantive changes. The bill would also provide for the payment of the actual costs of the plans to be deposited in a continuously appropriated fund, thereby making an appropriation.

(3) Under existing law, the Public Education Facilities Bond Act of 1996 provides for the issuance, pursuant to the State General Obligation Bond Law, of bonds in an amount not to exceed \$2,025,000,000 and the expenditure of the proceeds therefrom to provide aid to school districts, county superintendents of schools, and county boards of education in accordance with the Greene Act and related school facilities programs.

This bill would enact the Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998, which, upon approval by the state electorate, would provide for the issuance of state general obligation bonds in an amount not to exceed \$4,500,000,000, exclusive of refunding bonds issued pursuant to that act.

The bill would provide that \$3,250,000,000 would be allocated beginning in the 1998-99 fiscal year for school district project funding related to the growth in enrollment of applicant school districts, prescribed reconstruction or modernization, and facilities-related costs for class size reduction. The bill would appropriate the funds for these



purposes by providing for their deposit in the continuously appropriated State School Building Lease-Purchase Fund. The bill would provide that \$1,250,000,000 would be deposited in the 1998 Higher Education Capital Outlay Fund, which would be established by the bill for higher education facility building construction and related expenditures when appropriated.

This bill would provide that notwithstanding any other provision of law, on the operative date of this bill, specified liens that have been recorded on school district property by the state would be released, and would prohibit the imposition of new liens on and after August 1, 1998.

This bill would declare that it is the policy of the state that the Treasurer exercise prudence in undertaking the sale of bonds otherwise authorized for sale by this bill or any other act, and would encourage the Treasurer in undertaking the sale of bonds not to exceed a cumulative debt service to General Fund revenue ratio of 6% unless the Treasurer determines that the sale is in the best fiscal interest of the state.

This bill would provide for the submission to the voters of the Class Size Kindergarten-University Public Education Facilities Bond Act of 1998 at the November 3, 1998, statewide general election.

(4) Existing law prohibits an election on a bond measure of a school district or community college district within 45 days of a statewide election unless conducted at the same time as the statewide election.

This bill would repeal this provision.

(5) Existing law prohibits an officer or employee of the state, or of a public agency or public authority, or person, firm, or corporation acting or purporting to act on behalf of any officer or employee, from negotiating, making application for, obtaining, or procuring any surety bond or contract of insurance, except contracts of insurance for builder's risk or owner's protective liability, that can be obtained or procured by the bidder, contractor, or subcontractor. Certain projects are excluded from this prohibition.

This bill would exclude a construction project undertaken by a public school district.



(6) Existing law authorizes a public agency to utilize owner-controlled or wrap-up insurance programs on a public works project if the total cost of the project is over \$125,000,000 and other prescribed conditions are met.

This bill would include a public school project within that authority to utilize owner-controlled or wrap-up insurance programs.

(7) Existing law provides for specific dates on which elections are required to be held, but exempts certain elections from those dates.

This bill would exempt elections held for school bonds from those dates.

(8) Existing law provides that a bond measure submitted to the people by the Legislature is required to appear on the ballot of the first statewide election occurring at least 131 days after the adoption of the proposal by the Legislature. Existing law provides for ballot arguments, press releases, the form of the ballot, public examination, and for the mailing of state ballot pamphlets to the voters, within specified time frames, for measures that are to be voted upon.

This bill would require, notwithstanding these provisions or any other provision of law, the Secretary of State to cause the Class Size Reduction Kindergarten-University Public Education Bond Act of 1998 to be placed on the ballot and submitted to the voters at the November 3, 1998, general election and to include in the ballot or supplemental ballot pamphlet information regarding the measure.

(9) 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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

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.



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

~~The Leroy F. Greene State School Building Lease-Purchase Law of 1976 (hereafter the Greene Act) provides for the acquisition and construction of facilities by the state and the lease purchase of those facilities by school districts.~~

~~The Public Education Facilities Bond Act of 1996 provides for the issuance, pursuant to the State General Obligation Bond Law, of bonds in an amount not to exceed \$2,025,000,000 and the expenditure of the proceeds therefrom to provide aid to school districts, county superintendents of schools, and county boards of education, as specified, in accordance with the Greene Act and related school facilities programs, as specified.~~

~~This bill would enact the Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998, which, upon approval by the state electorate, would provide for the issuance of state general obligation bonds in an amount not to exceed \$9,200,000,000, exclusive of refunding bonds issued pursuant to that act.~~

~~The bill would provide that \$3,100,000,000 would be allocated beginning in the 1998-99 fiscal year for school district project funding related to the growth in enrollment of applicant school districts, joint-use facilities projects for school districts and community college districts, child care facilities, portable classrooms, prescribed reconstruction or modernization, and site acquisition and facilities-related costs for class size reduction. The bill would appropriate the funds for these purposes. The bill would provide that \$3,100,000,000 would be allocated in the 2000-01 fiscal year for all the same purposes as described above and would appropriate the funds for these purposes. The bill would provide that \$3,000,000,000 would be deposited in the 1996 Higher Education Capital Outlay Fund with not more than half of these proceeds to be allocated beginning in the 1998-99 fiscal year and not more than half of these proceeds allocated beginning in the 2000-01 fiscal year for higher education facility building construction and related expenditures when appropriated.~~

~~This bill would require, on the operative date of this bill, that specified liens that have been recorded on school district~~



~~property by the state be released, and would prohibit the imposition of new liens as specified on and after the operative date of this bill.~~

~~This bill would require the Department of Finance to review the costs of construction of schools, to develop alternatives and recommendations to control and reduce those costs, and to report its recommendations to the Governor and the Legislature by March 1, 1999.~~

~~This bill would declare that it is the policy of the state that the Treasurer exercise prudence in undertaking the sale of bonds otherwise authorized for sale by this bill or any other act, and would encourage the Treasurer in undertaking the sale of bonds not to exceed a cumulative debt service to General Fund revenue ratio of 6% unless the Treasurer determines that the sale is in the best fiscal interest of the state.~~

~~This bill would provide for the submission to the voters of the Class Size Kindergarten-University Public Education Facilities Bond Act of 1998 at the June 2, 1998, statewide primary election.~~

~~Existing law provides that a bond measure submitted to the people by the Legislature is required to appear on the ballot of the first statewide election occurring at least 131 days after the adoption of the proposal by the Legislature. Existing law provides for ballot arguments, press releases, the form of the ballot, and for the mailing of state ballot pamphlets to the voters, within specified timeframes, for measures that are to be voted upon.~~

~~This bill would require, notwithstanding these provisions or any other provision of law, the Secretary of State to submit the Class Size Reduction Kindergarten-University Public Education Bond Act of 1998 to the voters at the June 2, 1998, statewide primary election and to include in the ballot pamphlet information regarding the measure.~~

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

~~Vote: $\frac{2}{3}$. Appropriation: ~~no~~—yes. Fiscal committee: yes. State-mandated local program: ~~no~~—yes.~~



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

1 ~~SECTION 1. Part 68 (commencing with Section~~
 2 ~~SECTION 1. Section 15101 of the Education Code is~~
 3 ~~repealed.~~
 4 ~~15101. Notwithstanding any provision of law to the~~
 5 ~~contrary, no election shall be held pursuant to this~~
 6 ~~chapter within 45 days before a statewide election or~~
 7 ~~within 45 days after a statewide election unless conducted~~
 8 ~~at the same time as the statewide election, subject to Part~~
 9 ~~3 (commencing with Section 10400) of Division 10 of the~~
 10 ~~Elections Code.~~
 11 ~~SEC. 2. Section 17005.6 is added to the Education~~
 12 ~~Code, to read:~~
 13 ~~17005.6. (a) The board shall adopt guidelines for use~~
 14 ~~by districts by June 1, 1999, to achieve measurable~~
 15 ~~reductions in the costs of school facilities construction.~~
 16 ~~(b) The guidelines shall include, but need not be~~
 17 ~~limited to, all of the following:~~
 18 ~~(1) Mechanisms designed to reduce the costs of~~
 19 ~~professional fees.~~
 20 ~~(2) Mechanisms designed to reduce the costs of site~~
 21 ~~preparation.~~
 22 ~~(3) Recommendations for the use of alternate~~
 23 ~~cost-saving construction materials and methods.~~
 24 ~~(4) Recommendations regarding the joint use of core~~
 25 ~~facilities.~~
 26 ~~(5) Mechanisms designed to reduce costs by~~
 27 ~~incorporating efficiencies in schoolsite design.~~
 28 ~~(6) Recommendations regarding the use of~~
 29 ~~cost-effective, efficient reusable facility plans.~~
 30 ~~(c) If a school district levies fees charged pursuant to~~
 31 ~~Section 17620 or if a district receives funds pursuant to this~~
 32 ~~chapter, the district shall consider the guidelines~~
 33 ~~developed pursuant to this section as fully as is~~
 34 ~~practicable.~~
 35 ~~(d) When the board adopts the guidelines, it shall not~~
 36 ~~include any recommendation that would have a~~
 37 ~~significant detrimental effect on educational programs.~~

1 SEC. 3. Section 17005.7 is added to the Education
2 Code, to read:

3 17005.7. The board shall not apportion funds to any
4 school district, unless the applicant school district has
5 certified to the board that the services of any architect,
6 structural engineer, or other design professional for any
7 work under the project have been obtained pursuant to
8 a competitive process that is consistent with the
9 requirements of Chapter 10 (commencing with Section
10 4525 of Division 5 of Title 1 of the Government Code and
11 has done either of the following:

12 (a) Obtained the written approval of the State
13 Department of Education that the site selection, and the
14 building plans and specifications, comply with the
15 standards adopted by the department pursuant to
16 subdivisions (b) and (c), respectively, of Section 17251.

17 (b) Certified to the board that it is in compliance with
18 the standards described in subdivision (a).

19 SEC. 4. Section 17005.8 is added to the Education
20 Code, to read:

21 17005.8. Any savings achieved by the school district's
22 efficient and prudent expenditure of funds received from
23 the state pursuant to this chapter shall be retained by the
24 district in the county fund for expenditure by the district
25 for other high priority capital outlay purposes.

26 SEC. 5. Section 17009.5 is added to the Education
27 Code, to read:

28 17009.5. (a) Title to all property acquired,
29 constructed, or improved with funds made available
30 under this chapter shall be held by the school district to
31 which the board grants the funds.

32 (b) The applicant school district shall comply with all
33 laws pertaining to the construction, reconstruction, or
34 alteration of, or addition to, school buildings.

35 SEC. 6. Section 17014 of the Education Code is
36 amended to read:

37 17014. (a) The board shall require the school district
38 to make all necessary repairs, renewals, and replacements
39 to ensure that a project is at all times kept in good repair,



1 working order, and condition. All costs incurred for this
2 purpose shall be borne by the school district.

3 (b) In order to ensure compliance with subdivision (a)
4 and encourage applicants to maintain all buildings under
5 their control, the board shall require the applicant to do
6 all of the following prior to the approval of a project:

7 (1) Establish a restricted account within the district's
8 general fund for the exclusive purpose of providing
9 moneys for regular maintenance and routine repair of
10 school buildings, according the highest priority to
11 funding for the purpose set forth in subdivision (a).

12 (2) Agree to deposit into the account established
13 pursuant to paragraph (1), in each fiscal year for ~~the term~~
14 ~~of the lease agreements of all projects constructed under~~
15 ~~this chapter, a minimum amount equal to or greater than~~
16 ~~2 percent of the applicant's General Fund budget for that~~
17 ~~fiscal year. 20 years after receipt of funds under this~~
18 ~~chapter, a minimum amount equal to or greater than 3~~
19 ~~percent of the applicant school district's general fund~~
20 ~~budget for that fiscal year. For the 1998-99 fiscal year and~~
21 ~~the 1999-2000 fiscal year, a school district may phase in~~
22 ~~this requirement by agreeing to certify the deposit of no~~
23 ~~less than 2 percent for the 1998-99 fiscal year and no less~~
24 ~~than 2¹/₂ percent for the 1999-2000 fiscal year. Annual~~
25 ~~deposits to the fund established pursuant to paragraph~~
26 ~~(1) in excess of 2¹/₂ percent of the district general fund~~
27 ~~budget may count towards the district's required match~~
28 ~~necessary to receive apportionments from the State~~
29 ~~School Deferred Maintenance Fund pursuant to Section~~
30 ~~39619 to the extent that funds are used for purposes that~~
31 ~~qualify for funding under that section. This paragraph is~~
32 applicable only to the following districts:

33 (A) High school districts with average daily
34 attendance greater than 300.

35 (B) Elementary school districts with average daily
36 attendance greater than 900.

37 (C) Unified school districts with average daily
38 attendance greater than 1,200.

39 (c) For each project funded after July 1, 1998, the
40 board shall require the applicant school district



1 governing board to certify, as part of the school district's
2 annual budget process and beginning in the fiscal year in
3 which the project is funded by the state, that a plan has
4 been prepared for completing major maintenance,
5 repair, and replacement requirements for the project.
6 For purposes of this subdivision, the term "major
7 maintenance, repair, and replacement" means roofing,
8 siding, painting, floor and window coverings, fixtures,
9 cabinets, heating and cooling systems, landscaping,
10 fences, and other items designated by the governing
11 board of the school district. The board shall require the
12 school district's governing board to certify that the plan
13 includes and is being implemented as follows:

14 (1) Identification of the major maintenance, repair,
15 and replacement needs for the project.

16 (2) Specification of a schedule for completing the
17 major maintenance, repair, and replacement needs.

18 (3) Specification of a current cost estimate for the
19 scheduled major maintenance, repair, and replacement
20 needs.

21 (4) Specification of the school district's schedule for
22 funding a reserve to pay for the scheduled major
23 maintenance, repair, and replacement needs.

24 (5) Review of the plan annually, as a part of the school
25 district's annual budget process, and update, as needed,
26 the major maintenance, repair, and replacement needs,
27 the estimates of expected costs, and any adjustments in
28 funding the reserve.

29 (6) Availability for public inspection of the original
30 plan, and all updated versions of the plan, at the office of
31 the superintendent of the school district during the
32 working hours of the school district.

33 (7) Provision in the school district's annual budget of
34 a provision that states the total funding available in
35 reserve for scheduled major maintenance, repair and
36 replacement needs as specified in the updated plan, and
37 an explanation if this amount is less than that specified in
38 the updated plan. The reserve shall be maintained in the
39 restricted account established pursuant to subdivision
40 (b).



1 SEC. 7. Section 17030.1 is added to the Education
2 Code, to read:

3 17030.1. Notwithstanding any other provision of law,
4 a lien recorded on school district property that has been
5 imposed pursuant to Section 16019 or 17030 shall be
6 released on the operative date of this section. The release
7 shall conclusively protect any third party relying upon
8 the same, and shall be acknowledged to permit
9 recordation by the county recorder. On and after August
10 1, 1998, a lien may not be imposed pursuant to Section
11 16019 or Section 17030.

12 SEC. 8. Section 17060.5 is added to the Education
13 code, to read:

14 17060.5. As a part of its application, a school district
15 shall certify that it has considered the feasibility of the
16 joint use of land and facilities with other governmental
17 entities in order to minimize school facilities costs. Funds
18 provided pursuant to this chapter for growth and
19 modernization may be used for the school portion of
20 joint-use facilities.

21 SEC. 9. Section 17260 of the Education Code is
22 amended to read:

23 17260. As used in Sections ~~17260 to 17267, inclusive,~~
24 this article “school buildings” ~~refers to only one-story~~
25 ~~schoolhouses of not more than nine classrooms shall have~~
26 ~~the same meaning as in Section 17283.~~

27 SEC. 10. Section 17261 of the Education Code is
28 repealed.

29 ~~17261. The State Department of Education shall:~~

30 ~~(a) Establish a pool of duplicate plans for school~~
31 ~~buildings appropriate for school districts in rural areas.~~
32 ~~The series shall be composed of plans designed to meet~~
33 ~~the requirements of school districts located in rural areas~~
34 ~~of varying characteristics. The plans may include~~
35 ~~landscape suggestions.~~

36 ~~(b) Provide specifications for the design and~~
37 ~~construction of school buildings.~~

38 SEC. 11. Section 17261 is added to the Education
39 Code, to read:



1 17261. *The State Allocation Board shall obtain*
2 *construction plans for school buildings appropriate for*
3 *school districts in various climates and geographical*
4 *conditions of the state. The plans shall be composed of*
5 *plans designed to meet the needs of school districts*
6 *requiring school buildings of various sizes. The plans may*
7 *include landscape suggestions.*

8 SEC. 12. *Section 17262 of the Education Code is*
9 *amended to read:*

10 17262. Any school district may request sets of ~~any the~~
11 plans and specifications *obtained by the State Allocation*
12 *Board as appropriate for use in constructing a school*
13 *building of the type desired by the district. The plans and*
14 *specifications shall be furnished to the school district*
15 *subject to the payment by the school district of the actual*
16 *expense incurred by the State ~~Department of Education~~*
17 *Allocation Board, but ~~the expense that payment~~ shall not*
18 *exceed more than 2 percent of the total cost of the*
19 *project. Any payments received for the plans and*
20 *specifications shall be paid into the State ~~Treasury to the~~*
21 *credit of the ~~General School Building Lease-Purchase~~*
22 *Fund.*

23 SEC. 13. *Section 17303 of the Education Code is*
24 *amended to read:*

25 17303. (a) The Department of General Services shall
26 establish one or more methods to ensure that each
27 application has been completed sufficiently by the
28 applicant to enable the plan review to be performed.

29 (b) Upon receipt of a complete application, the
30 Department of General Services shall inform the
31 applicant of the period of time that it anticipates to elapse
32 prior to commencing review of the applicant's plans. ~~As~~
33 ~~necessary to ensure that this period of time does not~~
34 ~~exceed an average, as calculated for each quarter of the~~
35 ~~calendar year, of 15 working days, the department~~ *Within*
36 *10 days of being so notified, the applicant shall make an*
37 *election to either use the Department of General Services*
38 *for the review of the applicant's plan or, request the plan*
39 *review be performed by one or more qualified plan*
40 *review firms pursuant to Sections 17305 and 17306. If the*

1 *applicant elects to use the services of the Department of*
2 *General Services for review of the applicant's plan, the*
3 *department, as necessary to expedite review of the*
4 *applicant's plans, shall do one or more of the following:*

5 (1) Contract for assistance from one or more qualified
6 plan review firms pursuant to Section 17305.

7 (2) Employ additional staff on a temporary basis.

8 (3) Maximize the use of department staff through the
9 use of overtime or other appropriate means.

10 (4) Any other action determined by the department to
11 have the effect of expediting the review and approval
12 process.

13 (c) Each application shall identify, for purposes of
14 receiving the notifications required under this
15 subdivision, an employee of the applicant school district
16 and either the applicant's architect or structural
17 engineer. The Department of General Services
18 immediately shall notify that employee, and the
19 identified architect or structural engineer, when each of
20 the following steps in the plan review process occurs:

21 (1) The department requests the applicant's architect
22 or structural engineer to correct or complete any part of
23 the application.

24 (2) An application number is assigned to the
25 application.

26 (3) Review of the applicant's plans is commenced.

27 (4) Review of the applicant's plans is completed and
28 the department returns the plans to the architect or
29 structural engineer for correction.

30 (5) Corrected plans are returned to the department
31 by the applicant's architect or structural engineer for
32 final review and approval.

33 (6) The department approves the plans and causes a
34 final record set of the plans to be printed in accordance
35 with Section 17304.

36 (d) The Department of General Services may provide
37 additional notifications to applicants as it deems
38 necessary.

39 *SEC. 14. Section 17305 of the Education Code is*
40 *amended to read:*



1 17305. (a) Notwithstanding Section 14952 of the
2 Government Code, the Department of General Services
3 ~~may shall~~ contract with ~~one or more~~ a sufficient number
4 of qualified plan review firms for assistance in performing
5 the plan review required under this article or Article 5
6 (commencing with Section 17350).

7 (b) For purposes of this article, “qualified plan review
8 firm” means an individual ~~or~~ firm, or the building official
9 of a city, a county, or a city and county that is identified
10 by the Department of General Services as having
11 appropriate expertise and knowledge of the
12 requirements that apply to school buildings under this
13 article. The department shall establish and maintain a list
14 of the individuals and firms so identified, and shall make
15 that list available, upon request, to school districts and
16 other interested parties.

17 *SEC. 15. Section 17306 of the Education Code is*
18 *amended to read:*

19 17306. (a) Upon submitting a complete application
20 for review under this article, the applicant may request
21 that the Department of General Services refer the
22 documents necessary for the review of that application to
23 a qualified plan review firm operating under contract
24 with the department pursuant to Section 17305. The
25 department immediately shall grant the request ~~if it~~
26 ~~anticipates that more than 15 working days will elapse~~
27 ~~prior to its commencing the review of the applicant’s~~
28 ~~plans. In addition, if more than 15 working days elapse~~
29 ~~after the applicant submits the complete application~~
30 ~~before the department commences review, the~~
31 ~~department immediately shall~~ and refer the necessary
32 documents to a qualified plan review firm if the applicant
33 so requests.

34 Upon completing the review, the qualified plan review
35 firm shall submit the documents referred to it for the
36 review of the application, together with the results of its
37 review, to the Department of General Services.

38 (b) The Department of General Services shall
39 establish a procedure governing the use by applicants of
40 the review process alternative described in this section,



1 including, but not limited to, provisions restricting the
 2 use of qualified plan review firms on the basis of conflict
 3 of interest.

4 *SEC. 16. Part 68 (commencing with Section 100400)*
 5 *is added to the Education Code, to read:*

6
 7
 8
 9
 10

CHAPTER 1. CLASS SIZE REDUCTION
KINDERGARTEN-UNIVERSITY PUBLIC EDUCATION FACILITIES
BOND ACT OF 1998

11 *100400. This part shall be known and may be cited as*
 12 *the Class Size Reduction Kindergarten-University Public*
 13 *Education Facilities Bond Act of 1998.*

14 *100401. The incorporation of, or reference to, any*
 15 *provisions of California statutory law in this part includes*
 16 *all acts amendatory thereof and supplementary thereto.*

17 *100403. (a) Bonds in the total amount of four billion*
 18 *five hundred million dollars (\$4,500,000,000), not*
 19 *including the amount of any refunding bonds issued in*
 20 *accordance with Chapter 2 (commencing with Section*
 21 *100410) and Chapter 3 (commencing with Section*
 22 *100450), or so much thereof as is necessary, may be issued*
 23 *and sold to provide a fund to be used for carrying out the*
 24 *purposes expressed in this chapter and to reimburse the*
 25 *General Obligation Bond Expense Revolving Fund*
 26 *pursuant to Section 16724.5 of the Government Code. The*
 27 *bonds, when sold, shall be and constitute a valid and*
 28 *binding obligation of the State of California, and the full*
 29 *faith and credit of the State of California is hereby*
 30 *pledged for the punctual payment of the principal of, and*
 31 *interest on, the bonds as the principal and interest*
 32 *become due and payable.*

33 *(b) Pursuant to this section, the Treasurer shall sell the*
 34 *bonds authorized by the State School Building Finance*
 35 *Committee established by Section 15909 and the Higher*
 36 *Education Facilities Finance Committee established*
 37 *pursuant to Section 67353 at any different times necessary*
 38 *to service expenditures required by the apportionments.*

39 *100405. For purposes of this part, "Chapter 12" means*
 40 *Chapter 12 (commencing with Section 17000) of Part 10.*



1 CHAPTER 2. KINDERGARTEN THROUGH 12TH GRADE

2
3 Article 1. Kindergarten Through 12th Grade School
4 Facilities Program Provisions
5

6 100410. Three billion two hundred fifty million dollars
7 (\$3,250,000,000) of the proceeds of bonds issued and sold
8 pursuant to this part shall be deposited in the State School
9 Building Lease-Purchase Fund, which is established by
10 Section 17008, and allocated by the State Allocation Board
11 pursuant to this chapter. Before requesting the sale of
12 bonds pursuant to Section 100432 for deposit in the State
13 School Building Lease-Purchase Fund, the State
14 Allocation Board shall request, pursuant to Section
15 100432, the sale of bonds sufficient to finance all projects
16 for which application was made pursuant to Chapter 12
17 and for which an application was approved for an
18 apportionment for construction, but funding was not
19 available, prior to July 1, 1998.

20 100415. All moneys deposited in the State School
21 Building Lease-Purchase Fund pursuant to this chapter
22 shall be available and, notwithstanding any other
23 provision of law to the contrary, are hereby appropriated
24 to provide aid to school districts of the state in accordance
25 with Chapter 12, to provide aid to school districts, county
26 superintendents of schools, and county boards of
27 education of the state in accordance with Section 100420,
28 to provide funds to repay any money advanced or loaned
29 to the State School Building Lease-Purchase Fund under
30 any act of the Legislature, together with interest
31 provided for in that act, and to reimburse the General
32 Obligation Bond Expense Revolving Fund pursuant to
33 Section 16724.5 of the Government Code.

34 100420. (a) The proceeds from the sale of bonds,
35 issued and sold pursuant to this chapter, as specified in
36 Section 100410, shall be allocated beginning in the
37 1998–99 fiscal year in accordance with the following
38 schedule:

39 (1) One billion three hundred fifty million dollars
40 (\$1,350,000,000) for project funding related to the growth

1 *in enrollment of applicant school districts under Chapter*
2 *12 that have incurred or will incur enrollment increases.*

3 *(2) One million two hundred million dollars*
4 *(\$1,200,000,000) for the reconstruction or modernization*
5 *of facilities pursuant to Chapter 12.*

6 *(3) (A) Not more than seven hundred million dollars*
7 *(\$700,000,000) may be allocated to assist school districts*
8 *with site acquisition and facilities-related costs of*
9 *kindergarten and grades 1 to 3, inclusive, that are in the*
10 *Class Size Reduction Program contained in Chapter 6.10*
11 *(commencing with Section 52120) of Part 28 and Chapter*
12 *19 (commencing with Section 17200) of Part 10, and to*
13 *assist districts with the restoration of facilities that*
14 *previously accommodated other programs and were*
15 *displaced as a result of the implementation of class size*
16 *reduction. On and after July 1, 2000, if applications for the*
17 *total funds available under this paragraph have not been*
18 *filed with the State Allocation Board, the funds for which*
19 *applications have not been received may be allocated by*
20 *the board to other high priority needs as the board*
21 *determines. On and after July 1, 2003, any funds not*
22 *allocated are available for other high priority needs.*

23 *(B) Not more than two hundred million dollars*
24 *(\$200,000,000) of the funds allocated in paragraph (A)*
25 *shall be allocated to the State Department of Education*
26 *to provide class size reduction facilities grants in the*
27 *1998–99 and 1999–2000 fiscal years necessary to*
28 *implement the K-3 Class Size Reduction Program*
29 *established pursuant to Chapter 6.10 (commencing with*
30 *Section 52120) of Part 28 and Chapter 19 (commencing*
31 *with Section 17200) of Part 10. The department shall*
32 *certify to the State Allocation Board the amount of funds*
33 *needed for this purpose. The board shall transfer the*
34 *amount of funds needed to the department. From these*
35 *funds, the department shall award eligible districts forty*
36 *thousand dollars (\$40,000) for each new option one class*
37 *established for class size reduction for which the district*
38 *had not previously received funding under class size*
39 *reduction facilities programs.*



1 (C) *The remaining funds provided pursuant to*
2 *subdivision (A) shall be to provide funding for schoolsites*
3 *that were eligible to receive a class size reduction*
4 *land-locked waiver pursuant to Section 52122.6. The*
5 *funds may be provided to districts to provide 50 percent*
6 *of the cost of funding a facilities mitigation plan*
7 *developed for the impacted site pursuant to Section*
8 *52122.7.*

9 (D) *In addition to the funding provided pursuant to*
10 *(C), a district may request funding of forty thousand*
11 *dollars (\$40,000) for each teaching station that was*
12 *displaced as a result of the implementation of class size*
13 *reduction. Programs for which teaching stations may be*
14 *restored may include child care, extended day care,*
15 *school libraries, and computer labs.*

16 (4) *The funds allocated in paragraphs (1), (2), and*
17 *(3), may be reallocated by statute for the purposes*
18 *specified in this chapter.*

19 (b) *Funds allocated pursuant to paragraph (2) of*
20 *subdivision (a) may be used for one or more of the*
21 *following purposes:*

22 (1) *The purchase and installation of air-conditioning*
23 *equipment and insulation materials, and related costs,*
24 *pursuant to Section 42250.1, for schools operated on a*
25 *year-round multitrack schedule in a manner that*
26 *increases school capacity and reduces or eliminates the*
27 *school district's need for the construction of additional*
28 *classroom space.*

29 (2) *Construction projects or the purchase of furniture*
30 *or equipment designed to increase school security or*
31 *playground safety.*

32 (3) *The identification, assessment, or abatement in*
33 *school facilities of hazardous asbestos pursuant to Section*
34 *17589.*

35 (4) *Notwithstanding Section 17021.3, the State*
36 *Allocation Board may allocate funding pursuant to this*
37 *subdivision for the reconstruction or modernization of an*
38 *existing structure in an amount that exceeds 25 percent*
39 *of the replacement cost of that structure in order to*



1 *finance structural improvements needed to avert future*
2 *earthquake damage.*

3 *(5) Project funding for high priority roof replacement*
4 *projects.*

5 *(c) Funds allocated pursuant to paragraph (1) of*
6 *subdivision (a) may be utilized to provide new*
7 *construction grants, without regard to funding priorities,*
8 *for applicant county boards of education that are eligible*
9 *for that funding or classrooms for severely handicapped*
10 *pupils and funding for classrooms for county community*
11 *school pupils.*

12

13 *Article 2. Kindergarten Through 12th Grade School*
14 *Facilities Fiscal Provisions*

15

16 *100425. (a) Bonds in the total amount of three billion*
17 *two hundred fifty million dollars (\$3,250,000,000), not*
18 *including the amount of any refunding bonds issued in*
19 *accordance with Section 100444, or so much thereof as is*
20 *necessary, may be issued and sold to provide a fund to be*
21 *used for carrying out the purposes expressed in this*
22 *chapter and to reimburse the General Obligation Bond*
23 *Expense Revolving Fund pursuant to Section 16724.5 of*
24 *the Government Code. The bonds, when sold, shall be*
25 *and constitute a valid and binding obligation of the State*
26 *of California, and the full faith and credit of the State of*
27 *California is hereby pledged for the punctual payment of*
28 *the principal of, and interest on, the bonds as the principal*
29 *and interest become due and payable.*

30 *(b) Pursuant to this section, the Treasurer shall sell the*
31 *bonds authorized by the State School Building Finance*
32 *Committee established pursuant to Section 15909 at any*
33 *different times necessary to service expenditures*
34 *required by the apportionments.*

35 *100427. The State School Building Finance*
36 *Committee, established by Section 15909 and composed*
37 *of the Governor, the Controller, the Treasurer, the*
38 *Director of Finance, and the Superintendent of Public*
39 *Instruction, or their designated representatives, all of*
40 *whom shall serve thereon without compensation, and a*



1 majority of whom shall constitute a quorum, is continued
2 in existence for the purpose of this chapter. The
3 Treasurer shall serve as chairperson of the committee.
4 Two Members of the Senate appointed by the Senate
5 Committee on Rules, and two Members of the Assembly
6 appointed by the Speaker of the Assembly, shall meet
7 with and provide advice to the committee to the extent
8 that the advisory participation is not incompatible with
9 their respective positions as Members of the Legislature.
10 For the purposes of this chapter, the Members of the
11 Legislature shall constitute an interim investigating
12 committee on the subject of this chapter and, as that
13 committee, shall have the powers and duties imposed
14 upon those committees by the Joint Rules of the Senate
15 and the Assembly. The Director of Finance shall provide
16 the assistance to the committee as it may require. The
17 Attorney General of the state is the legal adviser of the
18 committee.

19 100430. (a) The bonds authorized by this chapter
20 shall be prepared, executed, issued, sold, paid, and
21 redeemed as provided in the State General Obligation
22 Bond Law (Chapter 4 (commencing with Section 16720)
23 of Part 3 of Division 4 of Title 2 of the Government Code),
24 and all of the provisions of that law, except Section 16727
25 of the Government Code, apply to the bonds and to this
26 chapter and are hereby incorporated in this chapter as
27 though set forth in full in this chapter.

28 (b) For purposes of the State General Obligation Bond
29 Law, the State Allocation Board is designated the “board”
30 for purposes of administering the State School Building
31 Lease-Purchase Fund.

32 100432. Upon request of the State Allocation Board
33 from time to time, supported by a statement of the
34 apportionments made and to be made for the purposes
35 described in Sections 100415 and 100420, the State School
36 Building Finance Committee shall determine whether or
37 not it is necessary or desirable to issue bonds authorized
38 pursuant to this chapter in order to fund the
39 apportionments and, if so, the amount of bonds to be
40 issued and sold. Successive issues of bonds may be



1 authorized and sold to fund those apportionments
2 progressively, and it is not necessary that all of the bonds
3 authorized to be issued be sold at any one time.

4 100434. There shall be collected each year and in the
5 same manner and at the same time as other state revenue
6 is collected, in addition to the ordinary revenues of the
7 state, a sum in an amount required to pay the principal
8 of, and interest on, the bonds each year. It is the duty of
9 all officers charged by law with any duty in regard to the
10 collection of the revenue to do and perform each and
11 every act which is necessary to collect that additional
12 sum.

13 100435. Notwithstanding Section 13340 of the
14 Government Code, there is hereby appropriated from
15 the General Fund in the State Treasury, for the purposes
16 of this chapter, an amount that will equal the total of the
17 following:

18 (a) The sum annually necessary to pay the principal of,
19 and interest on, bonds issued and sold pursuant to this
20 chapter, as the principal and interest become due and
21 payable.

22 (b) The sum necessary to carry out Section 100440,
23 appropriated without regard to fiscal years.

24 100436. The State Allocation Board may request the
25 Pooled Money Investment Board to make a loan from the
26 Pooled Money Investment Account or any other
27 approved form of interim financing, in accordance with
28 Section 16312 of the Government Code, for the purpose
29 of carrying out this chapter. The amount of the request
30 shall not exceed the amount of the unsold bonds that the
31 committee, by resolution, has authorized to be sold for the
32 purpose of carrying out this chapter. The board shall
33 execute any documents required by the Pooled Money
34 Investment Board to obtain and repay the loan. Any
35 amounts loaned shall be deposited in the fund to be
36 allocated by the board in accordance with this chapter.

37 100438. Notwithstanding any other provision of this
38 chapter, or of the State General Obligation Bond Law, if
39 the Treasurer sells bonds pursuant to this chapter that
40 include a bond counsel opinion to the effect that the



1 *interest on the bonds is excluded from gross income for*
2 *federal tax purposes, subject to designated conditions, the*
3 *Treasurer may maintain separate accounts for the*
4 *investment of bond proceeds and for the investment*
5 *earnings on those proceeds. The Treasurer may use or*
6 *direct the use of those proceeds or earnings to pay any*
7 *rebate, penalty, or other payment required under federal*
8 *law or take any other action with respect to the*
9 *investment and use of those bond proceeds required or*
10 *desirable under federal law to maintain the tax-exempt*
11 *status of those bonds and to obtain any other advantage*
12 *under federal law on behalf of the funds of this state.*

13 *100440. For the purposes of carrying out this chapter,*
14 *the Director of Finance may authorize the withdrawal*
15 *from the General Fund of an amount not to exceed the*
16 *amount of the unsold bonds that have been authorized by*
17 *the State School Building Finance Committee to be sold*
18 *for the purpose of carrying out this chapter. Any amounts*
19 *withdrawn shall be deposited in the State School Building*
20 *Lease-Purchase Fund consistent with this chapter. Any*
21 *money made available under this section shall be*
22 *returned to the General Fund, plus an amount equal to*
23 *the interest that the money would have earned in the*
24 *Pooled Money Investment Account, from proceeds*
25 *received from the sale of bonds for the purpose of*
26 *carrying out this chapter.*

27 *100442. All money deposited in the State School*
28 *Building Lease-Purchase Fund, that is derived from*
29 *premium and accrued interest on bonds sold shall be*
30 *reserved in the fund and shall be available for transfer to*
31 *the General Fund as a credit to expenditures for bond*
32 *interest.*

33 *100444. The bonds may be refunded in accordance*
34 *with Article 6 (commencing with Section 16780) of*
35 *Chapter 4 of Part 3 of Division 4 of Title 2 of the*
36 *Government Code, which is a part of the State General*
37 *Obligation Bond Law. Approval by the voters of the state*
38 *for the issuance of the bonds described in this chapter*
39 *includes the approval of the issuance of any bonds issued*



1 to refund any bonds originally issued under this chapter
2 or any previously issued refunding bonds.

3 100446. The Legislature hereby finds and declares
4 that, inasmuch as the proceeds from the sale of bonds
5 authorized by this chapter are not “proceeds of taxes” as
6 that term is used in Article XIII B of the California
7 Constitution, the disbursement of these proceeds is not
8 subject to the limitations imposed by that article.

9

10 CHAPTER 3. HIGHER EDUCATION FACILITIES

11

12 Article 1. Program Provision

13

14 100450. The Legislature finds and declares all of the
15 following:

16 (a) California’s economic and social prosperity relies
17 on a higher education system that keeps pace with
18 California’s growth. In the coming decades, the state’s
19 economic prosperity will depend on increasing the
20 productivity of the work force and on the ability to
21 compete successfully in the world marketplace.

22 (b) The system of public higher education in this state
23 includes the University of California, the Hastings
24 College of the Law, the California State University, the
25 California Community Colleges, and their respective
26 off-campus centers. Each of these institutions plays a vital
27 role in maintaining California’s dominance in higher
28 education in the United States.

29 (c) Over the last several years, studies have been
30 completed by the California Postsecondary Education
31 Commission, the University of California, the California
32 State University, and the California Community Colleges
33 to assess their long-term and short-term capital needs.
34 Those studies demonstrate that the long-term and
35 short-term needs total, in the aggregate, seven hundred
36 fifty million dollars (\$750,000,000) per year into the next
37 century.

38 (d) Proceeds from the sale of bonds issued and sold
39 pursuant to this chapter may be used to fund the
40 expansion and renovation of existing campuses and



1 *development of new campuses at the University of*
2 *California, the Hastings College of the Law, the California*
3 *State University, and the California Community Colleges,*
4 *and their respective off-campus centers.*

5 *(e) The purposes of this article include assisting in*
6 *meeting the capital outlay financing needs of California's*
7 *public higher education system.*

8 *100455. One billion two hundred fifty million dollars*
9 *(\$1,250,000,000) of the proceeds of bonds issued and sold*
10 *pursuant to this part shall be deposited in the 1998 Higher*
11 *Education Capital Outlay Bond Fund which is hereby*
12 *established in the State Treasury. These funds shall be*
13 *available for expenditure when appropriated.*

14 *100457. Of the amount of bonds issued and sold*
15 *pursuant to Section 100455, one hundred million dollars*
16 *(\$100,000,000) shall be allocated to be available for the*
17 *purposes of the development of new campuses of the*
18 *University of California, the California State University,*
19 *and the California Community Colleges pursuant to*
20 *subdivision (d) of Section 100450. The amount of the*
21 *allocation of funds required pursuant to this section for*
22 *the development of new campuses may be reduced by a*
23 *future legislative act if the Legislature finds that state*
24 *funds have been provided from sources other than the*
25 *proceeds of bonds for capital outlay costs. The reduction*
26 *shall be limited to the amount actually provided from*
27 *sources other than bond proceeds.*

28 *100460. The Higher Education Facilities Finance*
29 *Committee established pursuant to Section 67353 is*
30 *hereby authorized to create a debt or debts, liability or*
31 *liabilities, of the State of California pursuant to this*
32 *chapter for the purpose of providing funds to aid the*
33 *University of California, the Hastings College of the Law,*
34 *the California State University, and the California*
35 *Community Colleges.*

36

37 *Article 2. Higher Education Fiscal Provisions*

38

39 *100500. (a) Bonds in the total amount of one billion*
40 *two hundred fifty million dollars (\$1,250,000,000), not*



1 including the amount of any refunding bonds issued in
2 accordance with Section 100555, or so much thereof as is
3 necessary, may be issued and sold to provide a fund to be
4 used for carrying out the purposes expressed in this
5 chapter and to reimburse the General Obligation Bond
6 Expense Revolving Fund pursuant to Section 16724.5 of
7 the Government Code. The bonds, when sold, shall be
8 and constitute a valid and binding obligation of the State
9 of California, and the full faith and credit of the State of
10 California is hereby pledged for the punctual payment of
11 the principal of, and interest on, the bonds as the principal
12 and interest become due and payable.

13 (b) Pursuant to this section, the Treasurer shall sell the
14 bonds authorized by the Higher Education Facilities
15 Finance Committee established pursuant to Section
16 67353 at any different times necessary to service
17 expenditures required by the apportionments.

18 100510. (a) The bonds authorized by this chapter
19 shall be prepared, executed, issued, sold, paid, and
20 redeemed as provided in the State General Obligation
21 Bond Law (Chapter 4 (commencing with Section 16720)
22 of Part 3 of Division 4 of Title 2 of the Government Code),
23 and all of the provisions of that law, except Section 16727
24 of the Government Code, apply to the bonds and to this
25 chapter and are hereby incorporated in this chapter as
26 though set forth in full in this chapter.

27 (b) For the purposes of the State General Obligation
28 Bond Law, each state agency administering an
29 appropriation of the 1998 Higher Education Capital
30 Outlay Bond Fund is designated as the “board” for
31 projects funded pursuant to this chapter.

32 (c) The proceeds of the bonds issued and sold pursuant
33 to this chapter shall be available for the purpose of
34 funding aid to the University of California, the Hastings
35 College of the Law, the California State University, and
36 the California Community Colleges, for the construction
37 on existing or new campuses, and their respective
38 off-campus centers, including the construction of
39 buildings and the acquisition of related fixtures,
40 renovation, and reconstruction of facilities, for the



1 acquisition of sites upon which these facilities are to be
2 constructed, for the equipping of new, renovated, or
3 reconstructed facilities, which equipment shall have a
4 useful life of at least 10 years, to provide funds for
5 payment of preconstruction costs, including, but not
6 limited to, preliminary plans and working drawings.

7 100520. The Higher Education Facilities Finance
8 Committee established pursuant to Section 67353 shall
9 authorize the issuance of bonds under this chapter only
10 to the extent necessary to fund the apportionments for
11 the purposes described in this chapter that are expressly
12 authorized by the Legislature in the annual Budget Act.
13 Pursuant to that legislative direction, the committee shall
14 determine whether or not it is necessary or desirable to
15 issue bonds authorized pursuant to this chapter in order
16 to carry out the purposes described in this chapter and,
17 if so, the amount of bonds to be issued and sold. Successive
18 issues of bonds may be authorized and sold to carry out
19 those actions progressively, and it is not necessary that all
20 of the bonds authorized to be issued be sold at any one
21 time.

22 100525. There shall be collected each year and in the
23 same manner and at the same time as other state revenue
24 is collected, in addition to the ordinary revenues of the
25 state, a sum in an amount required to pay the principal
26 of, and interest on, the bonds each year. It is the duty of
27 all officers charged by law with any duty in regard to the
28 collection of the revenue to do and perform each and
29 every act which is necessary to collect that additional
30 sum.

31 100530. Notwithstanding Section 13340 of the
32 Government Code, there is hereby appropriated from
33 the General Fund in the State Treasury, for the purposes
34 of this chapter, an amount that will equal the total of the
35 following:

36 (a) The sum annually necessary to pay the principal of,
37 and interest on, bonds issued and sold pursuant to this
38 chapter, as the principal and interest become due and
39 payable.



1 (b) The sum necessary to carry out Section 100545,
2 appropriated without regard to fiscal years.

3 100535. The board, as defined in subdivision (b) of
4 Section 100510, may request the Pooled Money
5 Investment Board to make a loan from the Pooled Money
6 Investment Account or any other approved form of
7 interim financing, in accordance with Section 16312 of the
8 Government Code, for the purpose of carrying out this
9 chapter. The amount of the request shall not exceed the
10 amount of the unsold bonds that the committee, by
11 resolution, has authorized to be sold for the purpose of
12 carrying out this chapter. The board, as defined in
13 subdivision (b) of Section 100510, shall execute any
14 documents required by the Pooled Money Investment
15 Board to obtain and repay the loan. Any amounts loaned
16 shall be deposited in the fund to be allocated by the board
17 in accordance with this chapter.

18 100540. Notwithstanding any other provision of this
19 chapter, or of the State General Obligation Bond Law, if
20 the Treasurer sells bonds pursuant to this chapter that
21 include a bond counsel opinion to the effect that the
22 interest on the bonds is excluded from gross income for
23 federal tax purposes, subject to designated conditions, the
24 Treasurer may maintain separate accounts for the
25 investment of bond proceeds and for the investment
26 earnings on those proceeds. The Treasurer may use or
27 direct the use of those proceeds or earnings to pay any
28 rebate, penalty, or other payment required under federal
29 law or take any other action with respect to the
30 investment and use of those bond proceeds required or
31 desirable under federal law to maintain the tax-exempt
32 status of those bonds and to obtain any other advantage
33 under federal law on behalf of the funds of this state.

34 100545. (a) For the purposes of carrying out this
35 chapter, the Director of Finance may authorize the
36 withdrawal from the General Fund of an amount not to
37 exceed the amount of the unsold bonds that have been
38 authorized by the Higher Education Facilities Finance
39 Committee to be sold for the purpose of carrying out this
40 chapter. Any amounts withdrawn shall be deposited in



1 *the 1998 Higher Education Capital Outlay Bond Fund*
2 *consistent with this chapter. Any money made available*
3 *under this section shall be returned to the General Fund,*
4 *plus an amount equal to the interest that the money*
5 *would have earned in the Pooled Money Investment*
6 *Account, from proceeds received from the sale of bonds*
7 *for the purpose of carrying out this chapter.*

8 *(b) Any request forwarded to the Legislature and the*
9 *Department of Finance for funds from this bond issue for*
10 *expenditure for the purposes described in this chapter by*
11 *the University of California, the California State*
12 *University, or the California Community Colleges shall*
13 *be accompanied by the five-year capital outlay plan.*
14 *Requests forwarded by a university or college shall*
15 *include a schedule that prioritizes the seismic retrofitting*
16 *needed to significantly reduce, by the 2002–03 fiscal year,*
17 *in the judgment of the particular university or college,*
18 *seismic hazards in buildings identified as high priority by*
19 *the university or college. Requests forwarded by the*
20 *California Community Colleges shall be accompanied by*
21 *a five-year capital outlay plan reflecting the needs and*
22 *priorities of the community college system, prioritized on*
23 *a statewide basis.*

24 *100550. All money deposited in the 1998 Higher*
25 *Education Capital Outlay Bond Fund that is derived from*
26 *premium and accrued interest on bonds sold shall be*
27 *reserved in the fund and shall be available for transfer to*
28 *the General Fund as a credit to expenditures for bond*
29 *interest.*

30 *100555. The bonds may be refunded in accordance*
31 *with Article 6 (commencing with Section 16780) of*
32 *Chapter 4 of Part 3 of Division 4 of Title 2 of the*
33 *Government Code, which is a part of the State General*
34 *Obligation Bond Law. Approval by the voters of the state*
35 *for the issuance of the bonds described in this chapter*
36 *includes the approval of the issuance of any bonds issued*
37 *to refund any bonds originally issued under this chapter*
38 *or any previously issued refunding bonds.*

39 *100560. The Legislature hereby finds and declares*
40 *that, inasmuch as the proceeds from the sale of bonds*

1 authorized by this chapter are not “proceeds of taxes” as
2 that term is used in Article XIII B of the California
3 Constitution, the disbursement of these proceeds is not
4 subject to the limitations imposed by that article.

5 SEC. 17. Section 1003 of the Elections Code is
6 amended to read:

7 1003. This chapter shall not apply to the following:

8 (1) Any special election called by the Governor.

9 (2) Elections held in chartered cities or chartered
10 counties in which the charter provisions are inconsistent
11 with this chapter.

12 (3) School governing board elections consolidated
13 pursuant to Section 5006 of the Education Code or
14 initiated by petition pursuant to Section 5091 of the
15 Education Code.

16 (4) Elections of any kind required or permitted to be
17 held by a school district located in a chartered city or
18 county when the election is consolidated with a regular
19 city or county election held in a jurisdiction that includes
20 95 percent or more of the school district’s population.

21 (5) County, municipal, district, and school district
22 initiative, referendum, or recall elections.

23 (6) Any election conducted solely by mailed ballot
24 pursuant to Division 4 (commencing with Section 4000).

25 (7) Elections held pursuant to Article 1 (commencing
26 with Section 15100) of Chapter 1 of Part 10 of the
27 Education Code.

28 SEC. 18. Section 4420 of the Government Code is
29 amended to read:

30 4420. (a) ~~No~~—An officer or employee of this state, or
31 of any public agency or of any public authority, and ~~no~~ a
32 person acting or purporting to act on behalf of any officer,
33 employee, or public agency or authority, except a public
34 agency or authority created pursuant to agreement or
35 compact with another state, ~~shall~~ may not, with respect
36 to any public building or construction contract that is
37 about to be or that has been competitively bid, require
38 the bidder to make application to, or furnish financial
39 data to, or to obtain or procure any surety bond or
40 contract of insurance specified in connection with the



1 contract, or specified by any law, ordinance, or
2 regulation, from, a particular surety or insurance
3 company, agent, or broker.

4 (b) ~~No~~ An officer or employee, or person, firm, or
5 corporation acting or purporting to act on behalf of any
6 officer or employee, ~~shall~~ *may not* negotiate, make
7 application for, obtain, or procure any surety bond or
8 contract of insurance, except contracts of insurance for
9 builder's risk or owner's protective liability, that can be
10 obtained or procured by the bidder, contractor, or
11 subcontractor.

12 (c) Subdivision (b) shall not apply to ~~the~~ *any of the*
13 *following*:

14 (1) *The* construction of any exclusive public mass
15 transit guideway project in any county with a population
16 exceeding 5,000,000, or in the County of Santa Clara or the
17 City and County of San Francisco; ~~to any.~~

18 (2) *An* exclusive public mass transit guideway project
19 undertaken by either the San Francisco Bay Area Rapid
20 Transit District or the Sacramento Regional Transit
21 District; ~~to any.~~

22 (3) *An* airport expansion project undertaken at the
23 San Francisco International Airport; ~~to any.~~

24 (4) A water, wastewater, or reclamation project
25 undertaken by a public agency serving a population
26 exceeding 250,000; ~~to any.~~

27 (5) *An* exclusive public water storage or conveyance
28 facility undertaken by a metropolitan water district that
29 was organized under the Metropolitan Water District
30 Act, Chapter 209 of the Statutes of 1969, as amended; ~~to~~
31 ~~any.~~

32 (6) A county medical center within San Bernardino
33 County or Riverside County; ~~to any.~~

34 (7) A construction project undertaken by the harbor
35 departments of the City of Los Angeles and the City of
36 Long Beach, or any joint powers authority formed by the
37 City of Los Angeles and the City of Long Beach, for the
38 purpose of improving the Alameda Corridor; ~~to any.~~

39 (8) A construction or renovation project undertaken
40 by the Foothill/Eastern or San Joaquin Hills



1 Transportation Corridor Agencies in Orange County;~~—or~~
2 ~~to.~~

3 (9) *The construction or renovation of additions to any*
4 *county medical center located within Santa Clara*
5 *County.*

6 (10) *A construction project undertaken by a public*
7 *school district.*

8 (d) (1) Notwithstanding subdivision (b),
9 commencing January 1, 1996, a public agency may utilize
10 owner-controlled or wrap-up insurance programs if all of
11 the following conditions are met:

12 (A) The total cost of the public works project is over
13 one hundred twenty-five million dollars (\$125,000,000) *or*
14 *it is a public school project.*

15 (B) The program maintains completed operation
16 coverage for a term for which the Insurance
17 Commissioner has determined that coverage is
18 reasonably commercially available, but in no event less
19 than three years.

20 (C) Bid specifications clearly specify for all bidders the
21 insurance coverage provided under the program, and
22 minimum safety requirements that must be met.

23 (D) The program does not prohibit a contractor or
24 subcontractor from purchasing any additional insurance
25 coverage that a contractor or subcontractor believes is
26 necessary to protect themselves from any liability arising
27 out of the contract.

28 (E) The program does not include surety insurance.

29 (2) Safety requirements for a public works project
30 subject to this subdivision may be developed jointly
31 between the public agency and the prime contractor. In
32 the event the public agency requires a safety program
33 different than the prime contractor's usual and
34 customary program, the program shall be mutually
35 agreed upon, taking into account the prime contractor's
36 experience, expertise, existing labor agreements relating
37 to safety issues, and any unique safety issues relating to
38 the project.

39 (3) This subdivision shall not affect any provision in a
40 collective bargaining agreement specified in Section



1 3201.5 of the Labor Code that is submitted by the prime
2 contractor with its construction bid.

3 (4) For purposes of this subdivision,
4 “owner-controlled or wrap-up insurance” means a series
5 of insurance policies issued to cover all of the contractors
6 and subcontractors on a given project for purposes of
7 general liability and workers’ compensation.

8 (5) For purposes of this subdivision, “public works
9 project” means construction being performed at one site
10 or at a series of contiguous sites separated only by a street,
11 roadway, waterway, or railroad right-of-way, or along a
12 continuous system for the provision of water and power.

13 (e) As used in this section, “public agency” means any
14 city, county, city and county, district, municipal or public
15 corporation, or any agency or instrumentality thereof.

16 *SEC. 19. The Legislature declares that it is the policy*
17 *of the state to exercise prudence in undertaking the sale*
18 *of bonds otherwise authorized for sale by the act adding*
19 *this section. In this regard, the Legislature encourages*
20 *undertaking the sale of bonds in a manner not to exceed*
21 *debt service to General Fund revenue ratio of 6 percent*
22 *unless the sale is in the best fiscal interest of the state.*

23 *SEC. 20. Notwithstanding Section 17610 of the*
24 *Government Code, if the Commission on State Mandates*
25 *determines that this act contains costs mandated by the*
26 *state, reimbursement to local agencies and school*
27 *districts for those costs shall be made pursuant to Part 7*
28 *(commencing with Section 17500) of Division 4 of Title*
29 *2 of the Government Code. If the statewide cost of the*
30 *claim for reimbursement does not exceed one million*
31 *dollars (\$1,000,000), reimbursement shall be made from*
32 *the State Mandates Claims Fund.*

33 *Notwithstanding Section 17580 of the Government*
34 *Code, unless otherwise specified, the provisions of this act*
35 *shall become operative on the same date that the act*
36 *takes effect pursuant to the California Constitution.*

37 *SEC. 21. (a) Section 16 of this act shall become*
38 *effective upon the approval by the voters, at the*
39 *November 3, 1998, statewide general election, of the Class*
40 *Size Reduction Kindergarten-University Public*



1 *Education Facilities Bond Act of 1998, as set forth in*
2 *Section 16 of this act.*

3 *(b) The Secretary of State shall include, in the ballot*
4 *pamphlets mailed pursuant to Section 9094 of the*
5 *Elections Code, the information specified in Section 9084*
6 *of the Elections Code regarding the bond act contained*
7 *in Section 16 of this act.*

8 *SEC. 22. (a) Notwithstanding any other provision of*
9 *law, with respect to the Class Size Reduction*
10 *Kindergarten-University Public Education Facilities*
11 *Bond Act of 1998, all ballots of the November 3, 1998,*
12 *statewide general election shall have printed thereon and*
13 *in a square thereof, exclusively the words: "Class Size*
14 *Reduction Kindergarten-University Public Education*
15 *Facilities Bond Act of 1998" and in the same square under*
16 *those words, the following in 8-point type: "This four*
17 *billion five hundred million dollar (\$4,500,000,000) bond*
18 *issue will provide substantial funding for facilities to*
19 *reduce class size in primary grades, to accommodate*
20 *student enrollment growth and to relieve overcrowding*
21 *in K-12 schools, and provide funds to repair and*
22 *modernize schools. Funds will also be used to upgrade*
23 *and build new classrooms in community colleges, the*
24 *California State University, and the University of*
25 *California. These bonds may be used only for approved*
26 *school construction projects." Opposite the square, there*
27 *shall be left spaces in which the voters may place a cross*
28 *in the manner required by law to indicate whether they*
29 *vote for or against the act.*

30 *(b) Notwithstanding Sections 13247 and 13281 of the*
31 *Elections Code, the language in subdivision (a) shall be*
32 *the only language included in the ballot label for the*
33 *condensed statement of the ballot title, and the Attorney*
34 *General shall not supplement, subtract from, or revise*
35 *that language, except that the Attorney General may*
36 *include the financial impact summary prepared pursuant*
37 *to Section 9087 of the Elections Code and Section 88003*
38 *of the Government Code. The ballot label is the*
39 *condensed statement of the ballot title and the financial*
40 *impact summary.*



1 (c) Where the voting in the election is done by means
2 of voting machines used pursuant to law in a manner that
3 carries out the intent of this section, the use of the voting
4 machines and the expression of the voters' choice by
5 means thereof are in compliance with this section.

6 SEC. 23. Notwithstanding the requirements of
7 Sections 9040, 9043, 9044, 9061, and 9082 of the Elections
8 Code or any other provision of law, the Secretary of State
9 shall submit Section 16 of this act to the voters at the
10 November 3, 1998, statewide general election.

11 SEC. 24. Notwithstanding Section 13282 of the
12 Elections Code, the public shall be permitted to examine
13 the condensed statement of the ballot title regarding the
14 measure set forth in Section 16 of this act for not more
15 than eight days. Any voter may seek a writ of mandate for
16 the purpose of requiring any statement of the ballot title,
17 or portion thereof, to be amended or deleted only within
18 that eight-day period.

19 SEC. 25. The Secretary of State shall include, in the
20 ballot pamphlets mailed pursuant to Section 9094 of the
21 Elections Code, the information specified in Section 9084
22 of the Elections Code regarding the bond act contained
23 in Section 16 of this act. If that inclusion is not possible, the
24 Secretary of State shall publish a supplemental ballot
25 pamphlet regarding this act to be mailed with the ballot
26 pamphlet. If the supplemental ballot pamphlet cannot be
27 mailed with the ballot pamphlet, the supplemental ballot
28 pamphlet shall be mailed separately.

29 SEC. 26. This act is an urgency statute necessary for
30 the immediate preservation of the public peace, health,
31 or safety within the meaning of Article IV of the
32 Constitution and shall go into immediate effect. The facts
33 constituting the necessity are:

34 In order to provide adequate school facilities to house
35 the growing pupil population attending the California
36 schools, to facilitate class size reduction, to renovate
37 existing facilities, to provide for joint-use facilities, and to
38 provide adequate higher education facilities to
39 accommodate the growing number of students, it is
40 necessary that this act take effect immediately.



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All matter omitted in this version of the bill appears in the bill as amended in the Assembly, March 3, 1998 (JR 11)

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