Senate Bill No. 854

CHAPTER 28

An act to amend Sections 17224, 17250.30, and 81704 of the Education Code, to amend Sections 6204, 6531, 11270, 11544, 12153, 12168.7, 12224, 12225, 12227, 12228, 12229, 12230, 12231, 12232, 12233, 12236, 12432, 12478, 13300.5, 13332.11, 13332.19, 13963.1, 14740, 14745, 14746, 16429.1, 16731.6, 17090, 17091, 17093, 17094, 17095, 17096, 17097, 17617, 22802, 22910, 22910.5, and 22913 of, to add Section 20035.11 to, to add Article 7 (commencing with Section 12270) to Chapter 3 of Part 2 of Division 3 of Title 2 of, to add Chapter 10 (commencing with Section 11850) to Part 1 of Division 3 of Title 2 of, to repeal Sections 11548.5, 12234, 12235, and 26915 of, to repeal Article 3 (commencing with Section 14750), Article 4 (commencing with Section 14755), Article 6 (commencing with Section 14765), and Article 7 (commencing with Section 14769) of Chapter 5 of Part 5.5 of, and to repeal Chapter 7 (commencing with Section 15849.20) of Part 10b of, Division 3 of Title 2 of, the Government Code, to amend Sections 50661, 51452, and 53545 of, and to repeal Sections 50840, 50841, and 50842 of, the Health and Safety Code, to amend Sections 135, 1771.5, 1771.7, and 1776 of, to add Sections 1725.5, 1771.1, and 1771.4 to, and to repeal and add Sections 1771.3 and 1773.3 of, the Labor Code, to amend Section 179 of the Military and Veterans Code, to amend Sections 1485.5 and 13835.7 of the Penal Code, to amend Sections 20133, 20175.2, 20193, 20209.7, 20688.6, and 20919.3 of, and to repeal and add Sections 6823 and 6953 of, the Public Contract Code, and to repeal and add Sections 100152 and 103396 of the Public Utilities Code, to amend Section 75.70 of, and to add Section 95.5 to, the Revenue and Taxation Code, to amend Sections 1112, 1112.5, 1114, 1126, 1127, 1135, and 1585.5 of the Unemployment Insurance Code, and to amend Section 2 of Chapter 469 of the Statutes of 2002, relating to state and local government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 20, 2014. Filed with Secretary of State June 20, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

SB 854, Committee on Budget and Fiscal Review. State and local government.

(1) Existing law requires a school district to be subject to nonuse payments, except as specified, if the school district acquires or has acquired a site for school purposes, as determined by the State Allocation Board, and the school district does not use the site within 5 years of the date of acquisition for kindergarten or any of grades 1 to 8, inclusive, or within 7 years of the date of acquisition for grades 7 to 12, inclusive; or a site at any

grade level that has previously been used but has not been used for school purposes within the preceding 5 years. Existing law requires the Executive Officer of the State Allocation Board to compute and certify to the Controller the amount of the nonuse payments. Existing law requires the Controller to deduct the total amount of the payment, as specified, from apportionments made to the school district from the State School Fund and transfer the amount so deducted to the State School Site Utilization Fund. Existing law requires any funds in the State School Site Utilization Fund, including interest, that are not subject to return to a school district, as specified, to revert to the State School Deferred Maintenance Fund.

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

(2) Existing law, with exceptions, requires all workers employed on a public works project, as specified, to be paid the general prevailing wage rate, as determined by the Director of Department of the Industrial Relations. The department is required to monitor and enforce compliance with all applicable prevailing wage requirements for any public works project paid for in whole or in part out of public funds, as specified. The reasonable and directly related costs of monitoring and enforcing compliance with the applicable prevailing wage requirements on a public works project incurred by the department are payable by the awarding body of the public works project, except as specified, as a cost of construction. The moneys are deposited into the State Public Works Enforcement Fund, a continuously appropriated fund, to be used in the department's monitoring and enforcement duties.

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

The fees would be deposited into the State Public Works Enforcement Fund, which would no longer be continuously appropriated, and would be

used only for the reasonable costs of administering the registration and qualification of contractors, the costs and obligations associated with administration and enforcement requirements with regard to the prevailing wage provisions, and public works projects monitoring and enforcement duties of the Labor Commissioner. The bill would provide for an adjustment of renewal fees based on the balance of the fund, as specified. These provisions would apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work entered into on or after April 1, 2015. The bill also would provide for notice, record keeping, and reporting requirements, as specified.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This bill would extend the operation of these provisions indefinitely.

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

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

(8) Existing law requires the Department of Finance, the Controller, the Treasurer, and the Department of General Services to collaboratively

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

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

The act would continue the existence of the FISCal Internal Services Fund and create the FISCal Consolidated Payment Fund for consolidated payments to payees of moneys otherwise appropriated to those payees from the State Treasury. The act would require the FISCal project office, subject to the approval of the Department of Finance, to establish and assess fees and a payment schedule for state departments and agencies to use or interface with the FISCal system. The act would further require the office and the FISCal Service Center to obtain fingerprint images and associated information from any employee, prospective employee, contractor, subcontractor, volunteer, vendor, and partner agency employee assigned to the office whose duties include, or would include, having access to confidential or sensitive information or data on the network or computing infrastructure. The act would authorize individuals, based on the results of their background check performed through the fingerprint identification, to be rejected from employment, as specified.

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

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

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

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

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

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

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

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

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

(12) The State General Obligation Bond Law generally provides for a procedure that may be adopted by other acts, with any necessary modifications, in authorizing the issuance and sale of state general obligation bonds and providing for the repayment of those bonds. Existing law

authorizes the financing committee created by the bond act to issue bonds in the form of commercial paper notes. Under existing law, an amount to pay interest payable on maturing commercial paper notes and other costs associated with the commercial paper is continuously appropriated from the General Fund.

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

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

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

(14) Existing law authorizes the Orange County Board of Supervisors to elect, for a period of up to 2 years, that any requirement that an audit be

performed by the county auditor may also be performed by a county employee or officer who meets specified qualifications.

This bill would repeal this authorization.

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

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

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

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

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

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

of housing for agricultural employees and their families, subject to specified requirements.

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

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

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

Existing law requires the museum to consist of specified facilities.

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

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

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

Existing law requires the California State Military Museum Foundation to perform specified duties and grants the foundation the authorization to make specified determinations or engage in specified activities related to the museum.

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

(18) Existing law authorizes every person who is unlawfully imprisoned or restrained of his or her liberty to prosecute a writ of habeas corpus to inquire into the cause of that imprisonment or restraint, and provides for

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

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

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

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

(20) The California Victim Compensation and Government Claims Board administers a program to assist state residents to obtain compensation for their pecuniary losses suffered as a direct result of criminal acts. Payment is made under these provisions from the Restitution Fund, which is continuously appropriated to the board for these purposes. Existing law authorizes the board, as specified, to administer a program to award, upon appropriation by the Legislature, up to $2,000,000 in grants to trauma recovery centers for up to a maximum period of 3 years, funded from the Restitution Fund.

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

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

This bill would require the county auditor, if the average daily attendance of all elementary, high school, and unified school districts within the county is deemed to be zero, to reallocate the school district revenues to other

designated local jurisdictions in proportion to each entity's percentage of revenues in comparison to the aggregate total of revenues.

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

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

This bill would, for the 2014–15 fiscal year to the 2016–17 fiscal year, establish the State-County Assessors' Partnership Agreement Program, to be administered by the Department of Finance, under which counties selected by the Department of Finance, as specified, would receive funding for certain property tax administration purposes. Funding for the program would be subject to appropriation in the annual budget, and would require the program to be inoperative in any fiscal year in which an appropriation is not provided. This bill would require county assessors' offices that elect to participate in the program to transmit a resolution and an application, as specified, to the Department of Finance, and would require each participating county to annually match the program funds apportioned to its county assessor's office. This bill would also require each participating county assessor's office to report specified information to the Department of Finance while the program is operative. This bill would require the Department of Finance to submit a report that includes specified information for each fiscal year that the program was in operation to the Joint Legislative Budget Committee.

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

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

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

Department Contingent Fund. Existing law requires the Director of the Employment Development Department to estimate the amount of penalties and interest collected related to the withholding of personal income tax and transfer that amount into the Personal Income Tax Fund on a quarterly basis.

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

(25) Existing law specifies that the total amount due to each city, county, city and county, and special district in reimbursement of state-mandated local costs, as specified in a provision of the California Constitution, be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006–07 fiscal year and concluding with the Budget Act for the 2020–21 fiscal year. Existing law provides that there shall be no appropriation for payment of reimbursement claims pursuant to these provisions for the 2012–13, 2013–14, and 2014–15 fiscal years.

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

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

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

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

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

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

Appropriation: yes.

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

SECTION 1. Section 17224 of the Education Code is amended to read:

17224. (a) Any funds in the State School Site Utilization Fund, including interest, that are not subject to return to a school district pursuant to Section 17223 shall, upon appropriation by the Legislature, be allocated for purposes of administering the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10).

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

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

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

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

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

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

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

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

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

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

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

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

(d) (1) For contracts for public works projects awarded prior to January 1, 2012, the school district shall establish and enforce a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code or shall contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to projects where the school district or the design-build entity has entered into a collective bargaining agreement that binds all of the contractors performing work on the project.

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

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

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

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

(c) (1) All subcontracts that were not listed by the design-build entity in accordance with Section 81703 shall be awarded by the design-build entity in accordance with the design-build process set forth by the community college district in the design-build package.

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

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

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

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

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

(B) In a contract between the design-build entity and a subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld shall not exceed the percentage specified in the contract between the community college district and the design-build entity. If the design-build entity provides written notice

to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond to the design-build entity, then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the community college district and the design-build entity from any payment made by the design-build entity to the subcontractor.

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

(d) (1) For contracts for public works projects awarded prior to January 1, 2012, the community college district shall establish and enforce a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code or shall contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to projects where the community college district or the design-build entity has entered into a collective bargaining agreement that binds all of the contractors performing work on the project.

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

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

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

(1) "Archivist" means the Chief of Archives, as specified in Section 12227.

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

(3) "Secretary" means the Secretary of State.

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

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

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

(c) The notice and demand issued pursuant to subdivision (b) shall identify the record claimed to belong to the state or local agency with reasonable specificity, and shall state that the secretary is authorized to take legal action to recover the record if the person, organization, or institution

fails to respond in writing within the required time or does not adequately demonstrate that the record does not belong to the state or a local agency.

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

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

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

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

(1) It is in the best interests of communities located within the City of San Diego for the local public agencies that have jurisdiction within the city to form a joint powers agency to provide for the orderly and coordinated acquisition, construction, and development of model school projects. These projects may include the acquisition of land by negotiation or eminent domain, the construction of schools, the construction of recreational facilities or park sites or both, and the construction of replacement and other housing, including market rate, moderate-income, and low-income housing.

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

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

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

operation. Further, the San Diego Model School Development Agency shall have all of the powers of the City of San Diego pursuant to its charter and state law to acquire property and to finance and operate parks and recreational facilities and any other facilities reasonably necessary for their proper operation.

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

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

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

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

(d) Nothing contained in this section shall preclude the joint powers agency from distributing funds, upon completion of construction, the school, housing project, park, recreational facility, or other facility to a member of the agency to operate the school, housing project, park, or other facility that the member is otherwise authorized to operate. These distribution provisions shall be set forth in the joint powers agreement, if applicable.

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

(f) (1) For contracts for public works projects awarded prior to January 1, 2012, the San Diego Model School Development Agency shall establish and enforce, with respect to construction contracts awarded by the joint powers agency, a labor compliance program containing the requirements

outlined in Section 1771.5 of the Labor Code or shall contract with a third party to operate a labor compliance program containing those requirements. This requirement shall not apply to projects where the agency has entered into a collective bargaining agreement that binds all of the contractors and subcontractors performing work on the project, but nothing shall prevent the joint powers agency from operating a labor compliance program with respect to those projects.

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

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

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

11270. As used in this article, "administrative costs" means the amounts expended by the Legislature, the Legislative Counsel Bureau, the Governor's Office, the Department of Technology, the Office of Planning and Research, the Department of Justice, the State Controller's Office, the State Treasurer's Office, the State Personnel Board, the Department of Finance, the Financial Information System for California, the Office of Administrative Law, the Department of Human Resources, the Secretary of California Health and Human Services, the California State Auditor's Office, and the California State Library, and a proration of any other cost to or expense of the state for services or facilities provided for the Legislature and the above agencies, for supervision or administration of the state government or for services to other state agencies.

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

11544. (a) The Technology Services Revolving Fund, hereafter known as the fund, is hereby created within the State Treasury. The fund shall be administered by the Director of Technology to receive all revenues from the sale of technology or technology services provided for in this chapter, for other services rendered by the Department of Technology, and all other moneys properly credited to the Department of Technology from any other source, to pay, upon appropriation by the Legislature, all costs arising from this chapter and rendering of services to state and other public agencies, including, but not limited to, employment and compensation of necessary personnel and expenses, such as operating and other expenses of the

Department of Technology, and costs associated with approved information technology projects, and to establish reserves. At the discretion of the Director of Technology, segregated, dedicated accounts within the fund may be established. The amendments made to this section by the act adding this sentence shall apply to all revenues earned on or after July 1, 2010.

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

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

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

(c) The Department of Technology may collect payments from public agencies for providing services to client agencies. The Department of Technology may require monthly payments by client agencies for the services provided. Pursuant to Section 11255, the Controller shall transfer any amounts so authorized by the Department of Technology, consistent with the annual budget of each department, to the fund. The Department of Technology shall notify each affected state agency upon requesting the Controller to make the transfer.

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

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

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

Chapter 10. The Financial Information System for California (FISCal)

Article 1. General Provisions

11850. This chapter shall be known, and may be cited, as the Financial Information System for California (FISCal) Act.

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

(a) "Approved FISCal Project documents" means any Special Project Report approved by the Department of Technology, or its successor agency, for the FISCal, as may be amended, augmented, or changed by any subsequent approved Special Project Report or legislative action.

(b) "Cost or costs of the FISCal system" means all costs related to the acquisition, design, development, installation, and deployment, maintenance, operation, and enhancement of the system, including, but not limited to,

software, hardware, licenses, upgrades, training, facilities, contractors, and staff.

(c) "Cost allocation plan" means the plan described in Section 11874.

(d) "FISCal" means the Financial Information System for California.

(e) "FISCal Internal Services Fund" means the fund created pursuant to Section 11870.

(f) "FISCal Service Center" means the entity created pursuant to Section 11890.

(g) "Interface" means to communicate or interoperate with the FISCal system.

(h) "Office" means the FISCal project office.

(i) "State departments and agencies" means all state offices, officers, departments, divisions, bureaus, boards, commissions, organizations, or agencies, claims against which are paid by warrants drawn by the Controller, and whose financial activities are reported in the annual financial statement of the state or are included in the annual Governor's Budget, including, but not limited to, the California State University, the University of California, the legislative branch, and the judicial branch.

(j) "System" or "FISCal system" means a single integrated financial management system for the state that encompasses the management of resources and dollars as described in the approved FISCal Project documents and includes the information required by Section 11862.

11854. The Legislature intends that the FISCal system meet all of the following objectives:

(a) Replace the state's aging legacy financial management systems and eliminate fragmented and diverse reporting by implementing standardized financial management processes and systems across all departments and control agencies. For purposes of this subdivision, "financial management" means accounting, budgeting, cash management, asset accounting, vendor management, and procurement.

(b) Increase competition by promoting business opportunities through the use of electronic bidding, online vendor interaction, and automated vendor functions.

(c) Maintain a central source for financial management data to reduce the time and expense of vendors, departments, and agencies collecting, maintaining, and reconciling redundant data.

(d) Increase investment returns through timely and accurate monitoring of cash balances, cashflow forecasting, and timing of receipts and disbursements.

(e) Improve fiscal controls and support better decisionmaking by state managers and the Legislature by enhancing the quality, timeliness, consistency, and accessibility of financial management information through the use of powerful data access tools, standardized data, and financial management reports.

(f) Improve access and transparency of California's financial management information allowing the implementation of increased auditing, compliance reporting, and fiscal accountability while sharing information between the

public, the Legislature, external stakeholders, state, federal, and local agencies.

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

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

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

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

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

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

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

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

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

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

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

Article 2. Development and Implementation of FISCal

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

(b) (1) All state departments and agencies shall use the FISCal system, or, upon approval from the office, a department or agency shall be permitted to interface its system with the FISCal system. The FISCal system is intended

to replace any existing central or departmental systems duplicative of the functionality of the FISCal system.

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

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

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

(2) The amount of expenditure.

(3) The type of transaction.

(4) The identity of the state department or agency making the expenditure.

(5) The budget program source for the expenditure.

(6) A brief description of the purpose for the expenditure.

(7) A brief description of any item purchased pursuant to the expenditure.

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

11864. (a) Throughout the development of the FISCal system, the California State Auditor's Office shall independently monitor the FISCal system as the California State Auditor deems appropriate. The California State Auditor's Office independent monitoring of the FISCal system shall include, but not be limited to, all of the following:

(1) Monitoring the contract for independent project oversight and independent verification and validation services relating to the FISCal system.

(2) Assessing whether concerns about the FISCal project raised by the independent project oversight and independent verification and validation services are being addressed by the office and the steering committee of the office.

(3) Assessing whether the FISCal system is progressing timely and within its budget.

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

(c) This section shall not supersede or compromise the Department of Technology's oversight authority and responsibilities with respect to the FISCal system.

Article 3. Funding and Accounts

11870. The FISCal Internal Services Fund continues in existence in the State Treasury to pay the costs of development, implementation, operations, and maintenance of the FISCal System. All assets, liabilities, and surplus shall remain in the FISCal Internal Services Fund. The Department of Finance shall make the final determination of the budgetary and accounting transactions that are required to carry out this section. Accounts and subaccounts may be created within the FISCal Internal Services Fund as needed. Moneys in the FISCal Internal Services Fund, and its accounts and subaccounts, are available for cashflow borrowing by the General Fund pursuant to Section 16310.

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

(b) The amounts to be disbursed from the FISCal Consolidated Payment Fund shall be transferred by the Controller, from the funds and appropriations otherwise chargeable therewith, to the FISCal Consolidated Payment Fund prior to the time of disbursement. All amounts in the FISCal Consolidated Payment Fund that are derived from abatements, refunds of amounts disbursed, returned warrants, or the cancellation of warrants issued from the FISCal Consolidated Payment Fund shall be returned by the Controller to the funds and appropriations from which the amounts were originally transferred.

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

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

Article 4. Background Check Program

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

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

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

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

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

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

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

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

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

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

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

(i) When considering the background information received pursuant to this section, the Chief of Human Resources of the office or the FISCal Service Center shall take under consideration any evidence of rehabilitation,

including, but not limited to, participation in treatment programs and age and specifics of the offense.

Article 5. FISCal Service Center

11890. There is in state government the FISCal Service Center.

11892. (a) Consistent with the FISCal Service Center Charter, the FISCal Service Center shall incrementally assume responsibility of the FISCal system functionality as portions of the FISCal system are implemented and accepted.

(b) The FISCal Service Center shall provide the administrative functions for the FISCal system, including those functions of the office, during its existence.

(c) The office and the FISCal Service Center shall exist concurrently during the phased implementation of the FISCal system. Upon full implementation and final acceptance of the FISCal system, the FISCal Service Center shall perform all maintenance and operation of the FISCal system.

11894. The FISCal Executive Partner shall have appointment power for both the office and the FISCal Service Center and shall oversee the day-to-day functions of both the office and the FISCal Service Center. The FISCal Executive Partner shall identify and transfer staff from the office to the FISCal Service Center to further performance of the duties specified in Section 11892, in accordance with Section 19050.9.

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

12153. The Secretary of State shall appoint a competent person to the position of Chief of Archives.

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

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

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

(b) In order to ensure that uniform statewide standards remain current and relevant, the Secretary of State shall approve and adopt appropriate standards established by the American National Standards Institute or the Association for Information and Image Management.

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

the system could differ substantially from the document that is originally stored.

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

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

12224. The Secretary of State may receive into the archives any item that he or she deems to be of historical value.

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

12225. The Secretary of State may at any time return to the state agency from which it was received any item in the archives which he or she does not deem to be of historical value.

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

12227. The Chief of Archives is responsible for the preservation and indexing of material deposited in the State Archives, and shall make the material readily available for use.

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

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

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

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

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

12230. The Secretary of State shall establish a Document Preservation Shop and an Indexing Section to facilitate the preservation and indexing of the archives.

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

12231. In carrying out the provisions of this article, the Secretary of State shall consult with and give consideration to the recommendations of the California Historical Records Advisory Board, which for that purpose shall serve in an advisory capacity to the Secretary of State.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) Maintain communication with individual local government agencies.

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

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

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

Article 7. State Records Management Act

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

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

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

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

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

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

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

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

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

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

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

12273. Notwithstanding any other law, a record held in the State Records Center or by a state agency determined by the Secretary of State to have archival value and to be at risk of damage or loss, or in poor physical condition, shall be transferred to the State Archives at the direction of the Secretary of State with notification to the head of the agency not less than 10 days prior to the transfer. The Secretary of State shall enforce all statutory requirements regarding the confidentiality of records transferred to the State

Archives pursuant to this section and shall make the records available to authorized individuals or the public, as determined by applicable law.

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

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

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

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

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

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

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

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

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

(b) The certification of each reproduction or set of reproductions shall be in accordance with the standards, or have the approval, of the Attorney General. The certification shall contain a statement of the identity, description, and disposition or location of the records reproduced, the date,

reason, and authorization for the reproduction, and other information that the Attorney General requires.

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

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

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

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

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

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

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

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

(d) It is the intent of the Legislature that, beginning not earlier than the 2006–07 fiscal year, future annual Budget Acts include General Fund

appropriations in sufficient amounts for expenditures for the 21st Century Project that are attributable to the General Fund. It is the Legislature's intent that the share of the total project costs paid for by the General Fund shall be equivalent to the share of the total project costs paid for from special and nongovernmental cost fund assessments and collections from federal funds.

(e) This section shall remain in effect only until June 30, 2015, and as of that date is repealed.

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

12478. Upon receipt of proof, satisfactory to the Controller, that a payroll warrant issued by the Controller has been lost or destroyed prior to its delivery to the employee to whom it is payable, the Controller shall, upon certification by the payee's appointing power, issue a replacement warrant in payment of the same amount, without requiring a bond from the payee, and any loss incurred in connection therewith shall be charged against the account from which the payment was derived. Without limiting the generality of the preceding sentence, a payroll warrant shall be considered to have been lost if it has been sent to the payee but not received by him within a reasonable time, consistent with the policy of prompt payment of employees or if it has been sent to a state officer or employee for delivery to the payee or for forwarding to another state officer or employee for such delivery, and has not been received within such reasonable time.

A replacement warrant is void if not presented for payment to the Treasurer within the same time limit provided by law for the original warrant.

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

13300.5. (a) The Legislature finds and declares that the project of the FISCal Project to modernize the state's internal financial systems is a critical project that must be subject to the highest level of oversight. According to the Department of Technology, the size and scope of this modernization and automation effort make this project one of the highest risk projects undertaken by the state. Therefore, the Legislature must take steps to ensure it is fully informed as the project is implemented. It is the intent of the Legislature to adopt additional reporting requirements for the FISCal Project Office to adequately manage the project's risk and to ensure the successful implementation of this effort.

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

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

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

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

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

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

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

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

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

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

(10) Updates on the progress of meeting the project objectives.

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

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

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

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

13332.11. (a) (1) Except as otherwise specified in paragraph (2), funds appropriated for capital outlay shall not be expended by any state agency, including, but not limited to, the University of California, the California State University, the California Community Colleges, and the Judicial Council, until the Department of Finance and the State Public Works Board have approved preliminary plans for the project to be funded from a capital outlay appropriation.

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

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

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

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

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

(c) Any appropriated amounts for working drawings or construction where the working drawings or construction have been started by any state agency prior to approval of the preliminary plans by the State Public Works Board shall be reverted to the fund from which the appropriation was made, as approved by the Department of Finance. A major project for which a capital outlay appropriation is made shall not be put out to bid until the working drawings have been approved by the Department of Finance. A substantial change shall not be made to the approved preliminary plans or approved working drawings without written approval by the Department

of Finance. The Department of Finance shall approve any proposed construction bid alternates.

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

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

(f) In addition to the powers provided by Section 15849.6, the State Public Works Board may further increase the additional amount in Section 15849.6 to include a reasonable construction reserve within the construction fund for any capital outlay project without augmenting the project. The amount of the construction reserve shall be within the 20 percent augmentation limitation. The board may use this amount to augment the project, when and if necessary, after the lease-revenue bonds are sold to ensure completion of the project.

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

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

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

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

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

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

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

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

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

(2) "Design-build project" means a capital outlay project using the design-build construction procurement process.

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

(4) "Design-build solicitation package" means the performance criteria, any concept drawings, the form of contract, and all other documents and information that serve as the basis on which bids or proposals will be solicited from the design-build entities.

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

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

(7) "Concept drawings" means any schematic drawings or architectural renderings that are prepared, in addition to performance criteria, in such detail as is necessary to sufficiently describe the state's needs.

(b) (1) Except as otherwise specified in subparagraphs (A) to (D), inclusive, of paragraph (2) funds appropriated for a design-build project shall not be expended by any state agency, including, but not limited to, the University of California, the California State University, the California Community Colleges, and the Judicial Council, until the Department of Finance and the State Public Works Board have approved performance criteria or performance criteria and concept drawings for the project.

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

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

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

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

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

(c) Any appropriated amounts for the design-build phase of a design-build project, where funds have been expended on the design-build phase by any state agency prior to the approval of the performance criteria or the performance criteria and concept drawings by the State Public Works Board, and all amounts not approved by the board under this section shall be reverted to the fund from which the appropriation was made. A design-build project for which a capital outlay appropriation is made shall not be put out to design-build solicitation until the bid package has been approved by the Department of Finance. A substantial change shall not be made to the performance criteria or to performance criteria and concept drawings as approved by the board and the Department of Finance without written approval by the Department of Finance. The Department of Finance shall approve any proposed bid or proposal alternates set forth in the design-build solicitation package.

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

(e) In addition to the powers provided by Section 15849.6, the State Public Works Board may further increase the additional amount in Section 15849.6 to include a reasonable construction reserve within the construction fund for any capital outlay project without augmenting the project. The amount of the construction reserve shall be within the 20 percent augmentation limitation. The board may use this amount to augment the project, when and if necessary, after the lease-revenue bonds are sold to ensure completion of the project.

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

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

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

Committee, the chairpersons of the respective fiscal committees, and the legislative members of the State Public Works Board 20 days prior to the proposed board action to recognize the scope change.

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

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

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

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

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

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

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

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

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

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

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

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

(1) Crime victims who typically are unable to access traditional services, including, but not limited to, victims who are homeless, chronically mentally ill, of diverse ethnicity, members of immigrant and refugee groups, disabled, who have severe trauma-related symptoms or complex psychological issues,

or juvenile victims, including minors who have had contact with the juvenile dependency or justice system.

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

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

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

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

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

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

(1) Mental health services.

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

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

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

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

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

14740. This chapter shall be known as the State Records Storage Act.

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

14745. The director shall establish and administer in the executive branch of state government a records storage program that will apply efficient and economical records storage methods to the utilization, maintenance, retention, preservation, and disposal of state records.

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

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

(a) Establishing standards, procedures, and techniques for effective storage of records.

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

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

(d) Establishing, maintaining, and operating record centers for the storage, processing, and servicing of scheduled records for state agencies pending

their deposit with the State Archives or their disposition in any other manner authorized by law.

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

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

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

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

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

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

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

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

(c) Notwithstanding any other law, an officer of any nonprofit corporation whose membership is confined to public agencies or public officials, or an officer of a qualified quasi-governmental agency, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

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

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

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

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

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

(i) The Treasurer may invest the money of the fund in securities prescribed in Section 16430. The Treasurer may elect to have the money of the fund invested through the Surplus Money Investment Fund as provided in Article 4 (commencing with Section 16470) of Chapter 3.

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

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

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

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

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

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

16731.6. (a) Notwithstanding any other provision of this chapter, and as an alternative to the procedures set forth in Section 16731, the committee may provide for the issuance of all or part of the bonds authorized to be issued as commercial paper notes. The committee shall adopt a resolution finding that issuance of the bonds in the form of commercial paper notes is necessary and desirable, directing the Treasurer to arrange for preparation of the requisite number of suitable notes, and specifying other provisions relating to the commercial paper notes, including all of the following:

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

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

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

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

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

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

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

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

(C) Notwithstanding any other provision of this chapter, whenever the committee determines to issue commercial paper notes, the committee is not required to comply with the requirements of Section 16733.

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

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

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

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

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

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

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

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

(B) An amount necessary to pay the interest payable on maturing commercial paper notes, up to the maximum rate authorized by law, is, notwithstanding Section 13340, continuously appropriated from the General Fund to pay the interest.

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

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

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

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

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

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

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

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

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

No indemnity agreement shall be required: (1) when the payee is the United States Government, a state of the United States, any agency, instrumentality or officer of the United States Government or of a state, or any county, city, city and county, town, district, or other political subdivision of a state, or any officer thereof; or (2) when the owner or custodian is the State of California or any agency or officer thereof.

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

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

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

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

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

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

17095. The Treasurer shall pay a replacement warrant as though it were the original.

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

17096. A replacement warrant is void if not presented to the Treasurer for payment within the same time limit provided by law for the original warrant.

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

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

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

17617. The total amount due to each city, county, city and county, and special district, for which the state has determined that reimbursement is required under paragraph (2) of subdivision (b) of Section 6 of Article XIII B of the California Constitution, shall be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006–07 fiscal year and concluding with the Budget Act for the 2020–21 fiscal year. There shall be no appropriation for payment of reimbursement claims submitted pursuant to this section for the 2012–13 and 2013–14 fiscal years.

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

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

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

(1) For July 1, 2014, to June 30, 2015, inclusive, only that portion of the salary increase representing up to 33 ⅓ percent of the excess salary increase identified in the pay letter shall be recognized for purposes of determining his or her compensation earnable or pensionable compensation during the fiscal year period.

(2) For July 1, 2015, to June 30, 2016, inclusive, only that portion of the salary increase representing up to 66 ⅔ percent of the excess salary increase identified in the pay letter shall be recognized for purposes of determining his or her compensation earnable or pensionable compensation during the fiscal year period.

(3) On and after July 1, 2016, the entire pay increase identified in the pay letter shall be recognized for purposes of determining his or her compensation earnable or pensionable compensation for service performed on or after that date.

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

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

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

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

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

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

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

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

(c) Upon receipt of a written application, the benefits provided by this section shall commence on the first day of the month following receipt of the application and the payment required by the board.

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

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

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

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

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

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

(2) The account for health benefit plans may be utilized to defray increases in future rates, to reduce the contributions of employees and annuitants and employers, to implement cost containment programs, or to

increase the benefits provided by a health benefit plan, as determined by the board. The board may use penalties and interest deposited pursuant to subdivision (c) of Section 22899 to pay any difference between the adjusted rate set by the board pursuant to Section 22864 and the applicable health benefit plan contract rates.

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

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

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

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

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

(d) An account shall be maintained in the Public Employees' Contingency Reserve Fund for the contributions required pursuant to Section 22870. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, for the payment of premiums or other charges to carriers or the Public Employees' Health Care Fund. This subdivision shall not apply to state administrative costs, which shall continue to be subject to Section 13340.

(e) An account shall be maintained in the Public Employees' Contingency Reserve Fund for the contributions required pursuant to Section 22890 and for payments made pursuant to subdivision (f) of Section 22850. Notwithstanding Section 13340, the funds are continuously appropriated, without regard to fiscal year, for the payment of premiums or other charges to carriers or the Public Employees' Health Care Fund. Penalties and interest

paid pursuant to subdivision (c) of Section 22899 shall be deposited in the account pursuant to paragraphs (1) and (2) of subdivision (b).

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

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

(h) The Account for Retiree Drug Subsidy Payments is hereby established in the Public Employees' Contingency Reserve Fund and funds in that account shall, upon appropriation by the Legislature, be used for the purposes described in Section 22910.5.

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

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

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

(1) "Local annuitant" means an annuitant other than a state annuitant.

(2) "Local employee" means an employee other than a state employee.

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

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

(5) "State employee" means an employee who is in the employment of the state, including the California State University.

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

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

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

(c) When the board performs the duties described in subdivision (b) related to, or applies for funds attributable to, a retiree drug subsidy for a contracting agency plan, local annuitant, or local employee, the board shall take all necessary steps to ensure that any funds received by the board shall be deposited in the Public Employees' Contingency Reserve Fund as described in subdivision (g) of Section 22910.

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

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

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

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

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

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

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

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

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

22913. (a) The Controller shall suitably identify and remit the state's contribution for each employee or annuitant monthly to the Public Employees' Contingency Reserve Fund, together with amounts authorized

by the employees and annuitants to be deducted from their salaries or retirement allowances for payment of the employee contribution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Notwithstanding any other provision of law, any interest or other increment earned by the investment or deposit of moneys appropriated by subdivision (b) of Section 3 of Chapter 2 of the Statutes of the 1987–88 First Extraordinary Session, or Section 7 of Chapter 4 of the Statutes of the

1987–88 First Extraordinary Session, shall be deposited in a special account in the Housing Rehabilitation Loan Fund and shall be used exclusively for purposes of Sections 50662.5 and 50671.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Effective July 1, 2014, the School Facilities Fee Assistance Fund in the State Treasury is abolished and any remaining balance, assets, liabilities, and encumbrances in the fund as of July 1, 2014, are transferred to the Housing Rehabilitation Loan Fund. Notwithstanding Section 13340 of the Government Code, all transferred amounts are continuously appropriated to the department for the purpose of satisfying any liabilities and encumbrances and the purposes specified in this section.

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

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

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

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

(ii) Fifty million dollars ($50,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended under the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2 for housing meeting the definitions in paragraphs (2) and (3) of subdivision (e) of Section 11139.3 of the Government Code. The department

may provide higher per-unit loan limits as necessary to achieve affordable housing costs to the target population. Any funds not encumbered for the purposes of this clause by July 31, 2011, shall revert for general use in the Multifamily Housing Program unless the department determines that funds should revert sooner due to diminished demand.

(B) One hundred ninety-five million dollars ($195,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, to be used for supportive housing for individuals and households moving from emergency shelters or transitional housing or those at risk of homelessness. The Department of Housing and Community Development shall provide for higher per-unit loan limits as reasonably necessary to achieve housing costs affordable to those individuals and households. For purposes of this subparagraph, "supportive housing" means housing with no limit on length of stay, that is occupied by the target population, as defined in subdivision (d) of Section 53260, and that is linked to onsite or offsite services that assist the tenant to retain the housing, improve his or her health status, maximize his or her ability to live, and, when possible, work in the community. The criteria for selecting projects shall give priority to:

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

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

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

(D) Three hundred million dollars ($300,000,000) shall be transferred to the Self-Help Housing Fund created by Section 50697.1. These funds shall be available to the Department of Housing and Community Development, to be expended for the purposes of enabling households to become or remain homeowners pursuant to the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2, except ten million dollars ($10,000,000) shall be expended for construction management under

the California Self-Help Housing Program pursuant to subdivision (b) of Section 50696.

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

(F) One hundred million dollars ($100,000,000) shall be transferred to the Affordable Housing Innovation Fund, which is hereby created in the State Treasury, to be administered by the Department of Housing and Community Development. Funds shall be expended for competitive grants or loans to sponsoring entities that develop, own, lend, or invest in affordable housing and used to create pilot programs to demonstrate innovative, cost-saving approaches to creating or preserving affordable housing. Specific criteria establishing eligibility for and use of the funds shall be established in statute as approved by a ⅔ vote of each house of the Legislature. Any funds not encumbered for the purposes set forth in this subparagraph within 30 months of availability shall revert to the Self-Help Housing Fund created by Section 50697.1 and shall be available for the purposes described in subparagraph (D).

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

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

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

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

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

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

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

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

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

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

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

(C) Transportation improvements related to infill development projects.

(D) Traffic mitigation.

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

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

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

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

135. In accordance with rules of practice and procedure that it may adopt, the appeals board may, with the approval of the Secretary of State, destroy

or otherwise dispose of any file kept by it in connection with any proceeding under Division 4 (commencing with Section 3200) or Division 4.5 (commencing with Section 6100).

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

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

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

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

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

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

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

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

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

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within

the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

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

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

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

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

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

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

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

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

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

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

1771.1. (a) A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and

qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.

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

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

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

(2) Within 24 hours after the bid opening, the subcontractor is registered and has paid the penalty registration fee specified in subparagraph (E) of paragraph (2) of subdivision (a) of Section 1725.5.

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

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

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

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

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

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

SEC. 65. Section 1771.3 is added to the Labor Code, to read:

1771.3. (a) The State Public Works Enforcement Fund is hereby created as a special fund in the State Treasury to be available upon appropriation of the Legislature. All registration fees collected pursuant to Section 1725.5 and any other moneys as are designated by statute or order shall be deposited in the fund for the purposes specified in subdivision (b).

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

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

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

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

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

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

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

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

(A) Any amount loaned is to be repaid in full during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the annual Budget Act for the subsequent fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1771.5. (a) Notwithstanding Section 1771, an awarding body may choose not to require the payment of the general prevailing rate of per diem wages or the general prevailing rate of per diem wages for holiday and overtime work for any public works project of twenty-five thousand dollars ($25,000) or less when the project is for construction work, or for any public works project of fifteen thousand dollars ($15,000) or less when the project is for alteration, demolition, repair, or maintenance work, if the awarding body has elected to initiate and has been approved by the Director of Industrial Relations to enforce a labor compliance program pursuant to subdivision (b) for every public works project under the authority of the awarding body.

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

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

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

(3) Project contractors and subcontractors shall maintain and furnish, at a designated time, a certified copy of each weekly payroll containing a statement of compliance signed under penalty of perjury.

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

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

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

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

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

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

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

1771.7. (a) (1) For contracts specified in subdivision (f), an awarding body that chooses to use funds derived from either the Kindergarten-University Public Education Facilities Bond Act of 2002 or the Kindergarten-University Public Education Facilities Bond Act of 2004 for a public works project, shall initiate and enforce, or contract with a third party to initiate and enforce, a labor compliance program, as described in subdivision (b) of Section 1771.5, with respect to that public works project.

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

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

(c) (1) For purposes of this section, if any campus of the California State University chooses to use the funds described in subdivision (a), then the "awarding body" is the Chancellor of the California State University. For purposes of this subdivision, if the chancellor is required by subdivision (a) to initiate and enforce, or to contract with a third party to initiate and enforce, a labor compliance program, then in addition to the requirements described in subdivision (b) of Section 1771.5, the Chancellor of the California State University shall review the payroll records on at least a monthly basis to ensure the awarding body's compliance with the labor compliance program.

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

(d) (1) An awarding body described in subdivision (a) shall make a written finding that the awarding body has initiated and enforced, or has contracted with a third party to initiate and enforce, the labor compliance program described in subdivision (a).

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

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

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

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

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

(f) This section shall only apply to contracts awarded prior to January 1, 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the

certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

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

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

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

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

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to

comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars ($100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

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

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

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

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

(b) The Adjutant General may enter into operating agreements with nonprofit historical foundations, military museums, historical societies, or other entities to conduct museum activities pursuant to the rules and regulations promulgated hereunder.

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

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

(e) The Military Department shall, no later than March 15 of each year, submit a business plan for the following fiscal year to the Director of Finance and the Chair of the Joint Legislative Budget Committee for review and comment. The Military Department shall also submit, not less than 30 days prior to adoption, any proposed formal amendments to the business plan to

the Director of Finance and the Chair of the Joint Legislative Budget Committee for review and comment.

(f) (1) The Adjutant General or an entity described in subdivision (b) may solicit, receive, and administer donations of funds or property for the support and improvement of the museum. Any grants or donations received may be expended or used for museum purposes.

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

(3) Property determined by the Adjutant General or an entity described in subdivision (b) to be in excess of the needs of the museum may be sold, donated, exchanged, or otherwise disposed of, at its discretion, in a manner appropriate to the historical and intrinsic value of the property, and the benefits from the disposition shall inure to the museum. This paragraph does not apply to property held in trust for the Controller pursuant to Section 1563 of the Code of Civil Procedure.

(g) The Adjutant General or an entity described in subdivision (b) may solicit and receive firearms and other weaponry confiscated by or otherwise in the possession of law enforcement officers as donations to the museum if he or she deems them to be of historical or military interest.

(h) The Adjutant General shall, in cooperation with an entity described in subdivision (b), conduct a study of the future needs of the National Guard to preserve, display, and interpret artifacts, documents, photographs, films, literature, and other items relating to the history of the military in California.

(i) (1) An entity described in subdivision (b) may enter into agreements with other military museums in California, including, but not limited to, the Legion of Valor Museum, to loan property that is not real property and that is under the direct control of the foundation.

(2) An entity described in subdivision (b) may enter into agreements with other military museums in California to loan property held in trust for the Controller pursuant to Section 1563 of the Code of Civil Procedure.

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 77. Section 6953 is added to the Public Contract Code, to read:

6953. Any public works project that is contracted for pursuant to this chapter shall be subject to the requirements of Section 1771.4 of the Labor Code.

SEC. 78. Section 20133 of the Public Contract Code is amended to read:

20133. (a) A county, with approval of the board of supervisors, may utilize an alternative procedure for bidding on construction projects in the county in excess of two million five hundred thousand dollars ($2,500,000) and may award the project using either the lowest responsible bidder or by best value.

(b) (1) It is the intent of the Legislature to enable counties to utilize design-build for buildings and county sanitation wastewater treatment facilities. It is not the intent of the Legislature to authorize this procedure for other infrastructure, including, but not limited to, streets and highways, public rail transit, or water resources facilities and infrastructures.

(2) The Legislature also finds and declares that utilizing a design-build contract requires a clear understanding of the roles and responsibilities of each participant in the design-build process.

(3) (A) For contracts for public works projects awarded prior to January 1, 2012, if the board of supervisors elects to proceed under this section, the board of supervisors shall establish and enforce a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code,

or it shall contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to any projects where the county or the design-build entity has entered into a collective bargaining agreement that binds all of the contractors performing work on the projects.

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

(c) As used in this section:

(1) "Best value" means a value determined by objective criteria related to price, features, functions, and life-cycle costs.

(2) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.

(4) "Project" means the construction of a building and improvements directly related to the construction of a building, and county sanitation wastewater treatment facilities, but does not include the construction of other infrastructure, including, but not limited to, streets and highways, public rail transit, or water resources facilities and infrastructure.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The county shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited to, the size, type, and desired design character of the public improvement, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the county's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the county to assist in the development of the project-specific documents shall not be eligible to participate in the preparation of a bid with any design-build entity for that project.

(2) (A) Based on the documents prepared in paragraph (1), the county shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the county. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the county to inform interested parties of the contracting opportunity, to include the methodology that will be used by the county to evaluate proposals and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant objective factors that the county reasonably expects to consider in evaluating proposals, including cost or price and all nonprice-related factors.

(iii) The relative importance of weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors other than cost or price when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the county chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately or incorporate into the request for proposal applicable rules and procedures to be observed by the county to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The county shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the county. In preparing the questionnaire, the county shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information, including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the design-build contract, including, but not limited to, mechanical subcontractors.

(ii) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to complete, projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, as well as a financial statement that assures the county that the design-build entity has the capacity to complete the project.

(iii) The licenses, registration, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(iv) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(v) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1 (commencing with Section 6300) of Division 5 of the Labor Code, or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596), settled against any member of the design-build entity, and information concerning workers' compensation experience history and worker safety program.

(vi) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance in which an entity, its owners, officers, or managing employees submitted

a bid on a public works project and were found to be nonresponsive, or were found by an awarding body not to be a responsible bidder.

(vii) Any instance in which the entity, or its owners, officers, or managing employees, defaulted on a construction contract.

(viii) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contributions Act (FICA; 26 U.S.C. Sec. 3101 et seq.) withholding requirements settled against any member of the design-build entity.

(ix) Information concerning the bankruptcy or receivership of any member of the design-build entity, including information concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership or an association that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all partners or association members agree to be fully liable for the performance under the design-build contract.

(xii) (I) Any instance in which the entity, or any of its members, owners, officers, or managing employees was, during the five years preceding submission of a bid pursuant to this section, determined by a court of competent jurisdiction to have submitted, or legally admitted for purposes of a criminal plea to have submitted either of the following:

(ia) Any claim to any public agency or official in violation of the federal False Claims Act (31 U.S.C. Sec. 3729 et seq.).

(ib) Any claim to any public official in violation of the California False Claims Act (Article 9 (commencing with Section 12650) of Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code).

(II) Information provided pursuant to this subdivision shall include the name and number of any case filed, the court in which it was filed, and the date on which it was filed. The entity may also provide further information regarding any such instance, including any mitigating or extenuating circumstances that the entity wishes the county to consider.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall not be open to public inspection.

(4) The county shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) A county may use a design-build competition based upon best value and other criteria set forth in paragraph (2). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors: price, technical design, and construction expertise, life-cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

(iii) The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing, to be the most advantageous.

(iv) Notwithstanding any provision of this code, upon issuance of a contract award, the county shall publicly announce its award, identifying the contractor to whom the award is made, along with a written decision supporting its contract award and stating the basis of the award. The notice of award shall also include the county's second and third ranked design-build entities.

(v) For purposes of this paragraph, "skilled labor force availability" shall be determined by the existence of an agreement with a registered apprenticeship program, approved by the California Apprenticeship Council, which has graduated apprentices in each of the preceding five years. This graduation requirement shall not apply to programs providing apprenticeship training for any craft that has been deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft in the five years prior to enactment of this act.

(vi) For purposes of this paragraph, a bidder's "safety record" shall be deemed "acceptable" if its experience modification rate for the most recent three-year period is an average of 1.00 or less, and its average total recordable injury/illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category or if the bidder is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services, and errors and omission insurance coverage sufficient to cover all design and architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a

design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the county.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the county in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the county.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) Lists of subcontractors, bidders, and bid awards relating to the project shall be submitted by the design-build entity to the awarding body within 14 days of the award. These documents are deemed to be public records and shall be available for public inspection pursuant to this chapter and Article 1 (commencing with Section 6250) of Chapter 3.5 of Division 7 of Title 1 of the Government Code.

(h) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the county.

(i) The county may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(j) Contracts awarded pursuant to this section shall be valid until the project is completed.

(k) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(*l*) (1) If the county elects to award a project pursuant to this section, retention proceeds withheld by the county from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld may not exceed the percentage specified in the contract between the county and the design-build entity. If the design-build entity provides written notice to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond to the design-build entity,

then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the county and the design-build entity from any payment made by the design-build entity to the subcontractor.

(m) Each county that elects to proceed under this section and uses the design-build method on a public works project shall submit to the Legislative Analyst's Office before September 1, 2013, a report containing a description of each public works project procured through the design-build process and completed after November 1, 2009, and before August 1, 2013. The report shall include, but shall not be limited to, all of the following information:

(1) The type of project.

(2) The gross square footage of the project.

(3) The design-build entity that was awarded the project.

(4) The estimated and actual length of time to complete the project.

(5) The estimated and actual project costs.

(6) Whether the project was met or altered.

(7) The number and amount of project change orders.

(8) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(9) An assessment of the prequalification process and criteria.

(10) An assessment of the effect of retaining 5-percent retention on the project.

(11) A description of the Labor Force Compliance Program and an assessment of the project impact, where required.

(12) A description of the method used to award the contract. If best value was the method, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(13) An assessment of the project impact of "skilled labor force availability."

(14) An assessment of the design-build dollar limits on county projects. This assessment shall include projects where the county wanted to use design-build and was precluded by the dollar limitation. This assessment shall also include projects where the best value method was not used due to dollar limitations.

(15) An assessment of the most appropriate uses for the design-build approach.

(n) Any county that elects not to use the authority granted by this section may submit a report to the Legislative Analyst's Office explaining why the county elected not to use the design-build method.

(o) On or before January 1, 2014, the Legislative Analyst shall report to the Legislature on the use of the design-build method by counties pursuant to this section, including the information listed in subdivisions (m) and (p). The report may include recommendations for modifying or extending this section.

(p) The Legislative Analyst shall complete a fact-based analysis of the use of the design-build method by counties pursuant to this section, utilizing the information provided pursuant to subdivision (m) and any independent information provided by the public or interested parties. The Legislative Analyst shall select a representative sample of projects under this section and review available public records and reports, media reports, and related information in its analysis. The Legislative Analyst shall compile the information required to be analyzed pursuant to this subdivision into a report, which shall be provided to the Legislature. The report shall include conclusions describing the actual cost of projects procured pursuant to this section, whether the project schedule was met or altered, and whether projects needed or used project change orders.

(q) Except as provided in this section, this act shall not be construed to affect the application of any other law.

(r) This section shall remain in effect only until July 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before July 1, 2016, deletes or extends that date.

SEC. 79. Section 20175.2 of the Public Contract Code is amended to read:

20175.2. (a) (1) A city, with approval of the appropriate city council, may utilize an alternative procedure for bidding on building construction projects in the city in excess of one million dollars ($1,000,000), except as provided in subdivision (p).

(2) Cities may award the project using either the lowest responsible bidder or by best value.

(b) (1) It is the intent of the Legislature to enable cities to utilize cost-effective options for building and modernizing public facilities. The Legislature also recognizes the national trend, including authorization in California, to allow public entities to utilize design-build contracts as a project delivery method. It is not the intent of the Legislature to authorize this procedure for transportation facilities, including, but not limited to, roads and bridges.

(2) The Legislature also finds and declares that utilizing a design-build contract requires a clear understanding of the roles and responsibilities of each participant in the design-build process. The Legislature also finds that the cost-effective benefits to cities are achieved by shifting the liability and risk for cost containment and project completion to the design-build entity.

(3) It is the intent of the Legislature to provide an alternative and optional procedure for bidding and building construction projects for cities.

(4) The design-build approach may be used, but is not limited to use, when it is anticipated that it will: reduce project cost, expedite project completion, or provide design features not achievable through the design-bid-build method.

(5) (A) For contracts for public works projects awarded prior to January 1, 2012, if a city council elects to proceed under this section, the city council shall establish and enforce a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code, or it shall

contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to any project where the city or the design-build entity has entered into a collective bargaining agreement or agreements that bind all of the contractors performing work on the projects.

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

(c) As used in this section:

(1) "Best value" means a value determined by objectives relative to price, features, functions, and life-cycle costs.

(2) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services, as needed, pursuant to a design-build contract.

(4) "Project" means the construction of a building and improvements directly related to the construction of a building, but does not include streets and highways, public rail transit, or water resource facilities and infrastructure.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The city shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited to, the size, type, and desired design character of the buildings and site, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the city's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the city to assist in the development of the project-specific documents shall not be eligible to participate in the preparation of a bid with any design-build entity for that project.

(2) (A) Based on the documents prepared in paragraph (1), the city shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the city. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the city to inform interested parties of the contracting opportunity, to include the methodology that will be used by the city to evaluate proposals, and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant objective factors which the city reasonably expects to consider in evaluating proposals, including cost or price and all nonprice-related factors.

(iii) The relative importance or weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors, other than cost or price, when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the city chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately, or incorporate into the request for proposal, applicable rules and procedures to be observed by the city to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The city shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the city. In preparing the questionnaire, the city shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the design-build contract, including, but not limited to, mechanical subcontractors.

(ii) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, as well as a financial statement that assures the city that the design-build entity has the capacity to complete the project.

(iii) The licenses, registration, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(iv) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(v) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1 (commencing with Section 6300) of Division 5 of the Labor Code or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596) settled against any member of the design-build entity, and information concerning workers' compensation experience history and worker safety program.

(vi) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance where an entity, its owners, officers, or managing employees submitted a

bid on a public works project and were found to be nonresponsive, or were found by an awarding body not to be a responsible bidder.

(vii) Any instance where the entity, its owners, officers, or managing employees defaulted on a construction contract.

(viii) Any violations of the Contractors State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contribution Act (FICA; 26 U.S.C. Sec. 3101 et seq.) withholding requirements settled against any member of the design-build entity.

(ix) Information concerning the bankruptcy or receivership of any member of the design-build entity, including information concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership or an association that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all partners or association members agree to be fully liable for the performance under the design-build contract.

(xii) (I) Any instance in which the entity, or any of its members, owners, officers, or managing employees was, during the five years preceding submission of a bid pursuant to this section, determined by a court of competent jurisdiction to have submitted, or legally admitted for purposes of a criminal plea to have submitted either of the following:

(ia) Any claim to any public agency or official in violation of the federal False Claims Act (31 U.S.C. Sec. 3729 et seq.).

(ib) Any claim to any public official in violation of the California False Claims Act (Article 9 (commencing with Section 12650) of Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code).

(II) Information provided pursuant to this subdivision shall include the name and number of any case filed, the court in which it was filed, and the date on which it was filed. The entity may also provide further information regarding any such instance, including any mitigating or extenuating circumstances that the entity wishes the city to consider.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall not be open to public inspection.

(4) The city shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) The city may use a design-build competition based upon best value and other criteria set forth in paragraph (2) of subdivision (d). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors: price, technical design and construction expertise, life-cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

(iii) The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing, to be the most advantageous.

(iv) Notwithstanding any provision of this code, upon issuance of a contract award, the city shall publicly announce its award, identifying the contractor to whom the award is made, along with a written decision supporting its contract award and stating the basis of the award. The notice of award shall also include the city's second and third ranked design-build entities.

(v) For purposes of this paragraph, "skilled labor force availability" shall be determined by the existence of an agreement with a registered apprenticeship program, approved by the California Apprenticeship Council, which has graduated apprentices in each of the preceding five years. This graduation requirement shall not apply to programs providing apprenticeship training for any craft that has been deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft in the five years prior to enactment of this act.

(vi) For purposes of this paragraph, a bidder's "safety record" shall be deemed "acceptable" if its experience modification rate for the most recent three-year period is an average of 1.00 or less, and its average total recordable injury/illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category, or if the bidder is a party to an alternative dispute resolution system, as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services and errors and omissions insurance coverage sufficient to cover all design and architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a

design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the city.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the city in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the city.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) Lists of subcontractors, bidders, and bid awards relating to the project shall be submitted by the design-build entity to the awarding body within 14 days of the award. These documents are deemed to be public records and shall be available for public inspection pursuant to this chapter and Article 1 (commencing with Section 6250) of Chapter 3.5 of Division 7 of Title 1 of the Government Code.

(h) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the city.

(i) The city may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(j) Contracts awarded pursuant to this section shall be valid until the project is completed.

(k) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(*l*) (1) If the city elects to award a project pursuant to this section, retention proceeds withheld by the city from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld may not exceed the percentage specified in the contract between the city and the design-build entity. If the design-build entity provides written notice to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond to the design-build entity,

then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the city and the design-build entity from any payment made by the design-build entity to the subcontractor.

(m) Each city that elects to proceed under this section and uses the design-build method on a public works project shall submit to the Legislative Analyst's Office before December 1, 2014, a report containing a description of each public works project procured through the design-build process that is completed after January 1, 2011, and before November 1, 2014. The report shall include, but shall not be limited to, all of the following information:

(1) The type of project.

(2) The gross square footage of the project.

(3) The design-build entity that was awarded the project.

(4) The estimated and actual project costs.

(5) The estimated and actual length of time to complete the project.

(6) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(7) An assessment of the prequalification process and criteria.

(8) An assessment of the effect of retaining 5-percent retention on the project.

(9) A description of the Labor Force Compliance Program and an assessment of the project impact, where required.

(10) A description of the method used to award the contract. If the best value method was used, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(11) An assessment of the project impact of "skilled labor force availability."

(12) An assessment of the most appropriate uses for the design-build approach.

(n) Any city that elects not to use the authority granted by this section may submit a report to the Legislative Analyst's Office explaining why the city elected not to use the design-build method.

(o) On or before January 1, 2015, the Legislative Analyst's Office shall report to the Legislature on the use of the design-build method by cities pursuant to this section, including the information listed in subdivision (m). The report may include recommendations for modifying or extending this section.

(p) Except as provided in this section, nothing in this act shall be construed to affect the application of any other law.

(q) Before January 1, 2011, the project limitation of one million dollars ($1,000,000), as set forth in subdivision (a), shall not apply to any city in the Counties of Solano and Yolo, or to the Cities of Stanton and Victorville.

(r) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 80. Section 20193 of the Public Contract Code is amended to read:

20193. (a) (1) Notwithstanding any other law and subject to the limitations of this article, a qualified entity, with approval of its governing body, may utilize an alternative procedure on bidding on projects in excess of two million five hundred thousand dollars ($2,500,000).

(2) Only 20 design-build projects shall be authorized under this article.

(3) A qualified entity may award a project using either the lowest responsible bidder or by best value.

(4) For purposes of this article, "qualified entity" means an entity that meets both of the following:

(A) The entity is any of the following:

(i) A city.

(ii) A county.

(iii) A city and county.

(iv) A special district.

(B) The entity operates wastewater facilities, solid waste management facilities, or water recycling facilities.

(b) (1) For contracts for public works projects awarded prior to January 1, 2012, if a qualified entity elects to proceed under this section, the qualified entity shall establish and enforce a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code, or it shall contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to projects where the qualified entity or the design-build entity has entered into a collective bargaining agreement or agreements that bind all of the contractors performing work on the projects.

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

(c) As used in this section:

(1) "Best value" means a value determined by objective criteria related to price, features, functions, small business contracting plans, past performance, and life-cycle costs.

(2) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.

(4) "Project" means the construction of regional and local wastewater treatment facilities, regional and local solid waste facilities, or regional and local water recycling facilities.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The qualified entity shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited

to, the size, type, and desired design character of the project and site, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or project layouts, or any other information deemed necessary to describe adequately the qualified entity's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the qualified entity to assist in the development of the project specific documents shall not be eligible to participate in the preparation of a bid with any design-build entity for that project.

(2) (A) Based on the documents prepared in paragraph (1), the qualified entity shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the qualified entity. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the qualified entity to inform interested parties of the contracting opportunity, to include the methodology that will be used by the qualified entity to evaluate proposals and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant factors that the qualified entity reasonably expects to consider in evaluating proposals, including cost or price and all nonprice-related factors.

(iii) The relative importance of weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the qualified entity shall specifically disclose whether all evaluation factors other than cost or price when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the qualified entity chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately or incorporate into the request for proposal applicable rules and procedures to be observed by the qualified entity to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The qualified entity shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the qualified entity. In preparing the questionnaire, the qualified entity shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the

design-build contract, including, but not limited to, mechanical subcontractors.

(ii) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to complete projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, as well as a financial statement that assures the special district that the design-build entity has the capacity to complete the project.

(iii) The licenses, registration, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(iv) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(v) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1 (commencing with Section 6300) of Division 5 of the Labor Code or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596), settled against any member of the design-build entity, and information concerning workers' compensation experience history and worker safety program.

(vi) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance where an entity, its owners, officers, or managing employees submitted a bid on a public works project and were found to be nonresponsive, or were found by an awarding body not to be a responsible bidder.

(vii) Any instance where the entity, its owner, officers, or managing employees defaulted on a construction contract.

(viii) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contribution Act (FICA; 26 U.S.C. Sec. 3101 et seq.) withholding requirements settled against any member of the design-build entity.

(ix) Information concerning the bankruptcy or receivership of any member of the design-build entity, including information concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership or other association, that is not a legal entity, a copy of the agreement creating the partnership or association and

specifying that all partners or association members agree to be fully liable for the performance under the design-build contract.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall not be open to public inspection.

(4) The qualified entity shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) A qualified entity may use a design-build competition based upon best value and other criteria set forth in paragraph (2) of subdivision (d). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors; price, technical design and construction expertise, life-cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

(iii) The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing, to be the most advantageous.

(iv) Notwithstanding any provision of this code, upon issuance of a contract award, the qualified entity shall publicly announce its award, identifying the contractor to which the award is made, along with a written decision supporting its contract award and stating the basis of the award. The notice of award shall also include the qualified entity's second and third ranked design-build entities.

(v) For purposes of this paragraph, "skilled labor force availability" shall be determined by the existence of an agreement with a registered apprenticeship program, approved by the California Apprenticeship Council, which has graduated apprentices in each of the preceding five years. This graduation requirement shall not apply to programs providing apprenticeship training for any craft that has been deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft in the five years prior to enactment of this act.

(vi) For purposes of this paragraph, a bidder's "safety record" shall be deemed "acceptable" if their experience modification rate for the most recent three-year period is an average of 1.00 or less, and their average total recordable injury/illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its

business category, or if the bidder is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services, and errors and omissions insurance coverage sufficient to cover all design and architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the qualified entity.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the qualified entity in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the qualified entity.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the qualified entity.

(h) The qualified entity may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(i) Contracts awarded pursuant to this section shall be valid until the project is completed.

(j) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(k) (1) If the qualified entity elects to award a project pursuant to this section, retention proceeds withheld by the qualified entity from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld may not exceed the percentage specified in the contract between the qualified entity and the design-build entity. If the design-build entity provides written notice to any

subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond to the design-build entity, then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the qualified entity and the design-build entity from any payment made by the design-build entity to the subcontractor.

(*l*) Each qualified entity that elects to proceed under this section and uses the design-build method on a public works project shall do both of the following:

(1) Notify the Legislative Analyst's Office upon initiation of the project and upon completion of the project.

(2) Submit to the Legislative Analyst's Office, upon completion of the project, a report containing a description of the public works project procured through the design-build process pursuant to this section and completed after January 1, 2009. The report shall include, but shall not be limited to, all of the following information:

(A) The type of project.

(B) The gross square footage of the project.

(C) The design-build entity that was awarded the project.

(D) The estimated and actual project costs.

(E) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(F) An assessment of the prequalification process and criteria.

(G) An assessment of the effect of retaining 5-percent retention on the project.

(H) A description of the Labor Force Compliance Program and an assessment of the project impact, where required.

(I) A description of the method used to award the contract. If best value was the method, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(J) An assessment of the project impact of "skilled labor force availability."

(K) An assessment of the most appropriate uses for the design-build approach.

(m) Any qualified entity that elects not to use the authority granted by this section may submit a report to the Legislative Analyst's Office explaining why the qualified entity elected to not use the design-build method.

(n) (1) In order to comply with paragraph (2) of subdivision (a), the Office of Planning and Research is required to maintain the list of entities that have applied and are eligible to be qualified for this authority.

(2) Each entity that is interested in proceeding under the authority in this section must apply to the Office of Planning and Research.

(A) The application to proceed must be in writing.

(B) An entity must have complied with the California Environmental Quality Act review process pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code prior to its application, and must include its approved notice of determination or notice of completion in its application.

(3) The Office of Planning and Research must approve or deny an application, in writing, within 30 days. The authority to deny an application shall only be exercised if the conditions set forth in either or both paragraph (2) of subdivision (a) and subparagraph (B) of paragraph (2) of this subdivision have not been satisfied.

(4) An entity utilizing this section must, after it determines it no longer is interested in using this authority, notify the Office of Planning and Research in writing within 30 days of its determination. Upon notification, the Office of Planning and Research may contact any previous applicants, denied pursuant to paragraph (2) of subdivision (a), to inform them of the availability to proceed under this section.

(o) The Legislative Analyst shall report to the Legislature on the use of the design-build method by qualified entities pursuant to this section, including the information listed in subdivision (*l*). The report may include recommendations for modifying or extending this section, and shall be submitted on either of the following dates, whichever occurs first:

(1) Within one year of the completion of the 20 projects, if the projects are completed prior to January 1, 2019.

(2) No later than January 1, 2020.

SEC. 81. Section 20209.7 of the Public Contract Code is amended to read:

20209.7. Design-build projects shall progress in a three-step process, as follows:

(a) The transit operator shall prepare a set of documents setting forth the scope of the project. The documents shall include, but are not limited to, the size, type, and desired design character of the buildings, transit facilities, and site, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the transit operator's needs. The performance specifications and any plans shall be prepared by a design professional duly licensed or registered in California.

(b) Any architectural or engineering firm or individual retained by the transit operator to assist in the development criteria or preparation of the request for proposal (RFP) is not eligible to participate in the competition for the design-build entity.

(c) (1) For contracts for public works projects awarded prior to January 1, 2012, the transit operator shall establish and enforce a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code or shall contract with a third party to operate this labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to projects where the transit operator or the design-build entity has entered into a collective bargaining agreement

that binds all of the contractors performing work on the project, or to any other project of the transit operator that is not design-build.

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

(d) (1) Each RFP shall identify the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the contracting agency to inform interested parties of the contracting opportunity.

(2) Each RFP shall invite interested parties to submit competitive sealed proposals in the manner prescribed by the contracting agency.

(3) Each RFP shall include a section identifying and describing:

(A) All significant factors that the agency reasonably expects to consider in evaluating proposals, including cost or price and all nonprice-related factors.

(B) The methodology and rating or weighting process that will be used by the agency in evaluating competitive proposals and specifically whether proposals will be rated according to numeric or qualitative values.

(C) The relative importance or weight assigned to each of the factors identified in the RFP. If a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors other than cost or price, when combined, are any of the following:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(D) If the contracting agency wishes to reserve the right to hold discussions or negotiations with offerors, it shall specify the same in the RFP and shall publish separately or incorporate into the RFP applicable rules and procedures to be observed by the agency to ensure that any discussions or negotiations are conducted in a fair and impartial manner.

(e) (1) The transit operator shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the Director of Industrial Relations. The standardized questionnaire shall not require prospective bidders to disclose any violations of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code committed prior to January 1, 1998, if the violation was based on a subcontractor's failure to comply with these provisions and the bidder had no knowledge of the subcontractor's violations and the bidder complied with the conditions set forth in subdivision (b) of Section 1775 of the Labor Code. In preparing the questionnaire, the director shall consult with the construction industry, building trades, transit operators, and other affected parties. This questionnaire shall require information relevant to the architecture or engineering firm that will be the lead on the design-build project. The questionnaire shall include, but is not limited to, all of the following:

(A) A listing of all the contractors that are part of the design-build entity.

(B) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to

complete, projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project.

(C) The licenses, registrations, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(D) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance, as well as a financial statement that assures the transit operator that the design-build entity has the capacity to complete the project.

(E) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1 (commencing with Section 6300) of Division 5 of the Labor Code or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596), settled against any member of the design-build entity, and information concerning a contractor member's workers' compensation experience history and worker safety program.

(F) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance where an entity, its owners, officers, or managing employees submitted a bid on a public works project and were found by an awarding body not to be a responsible bidder.

(G) Any instance where the entity, its owner, officers, or managing employees defaulted on a construction contract.

(H) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), excluding alleged violations of federal or state law, including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contribution Act (FICA; 26 U.S.C. Sec. 3101 et seq.) withholding requirements settled against any member of the design-build entity.

(I) Information concerning the bankruptcy or receivership of any member of the entity, and information concerning all legal claims, disputes, or lawsuits arising from any construction project of any member of the entity during the past three years, including information concerning any work completed by a surety.

(J) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members who will participate as subcontractors in the design-build contract.

(K) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five-year period immediately preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(L) In the case of a partnership or other association that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all partners or association members agree to be liable for full performance under the design-build contract.

(2) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall not be open to public inspection.

(f) The transit operator shall establish a procedure for final selection of the design-build entity. Selection shall be subject to the following conditions:

(1) In no case shall the transit operator award a contract to a design-build entity pursuant to this article for a capital maintenance or capacity-enhancing rail project unless that project exceeds twenty-five million dollars ($25,000,000) in cost.

(2) For nonrail transit projects that exceed two million five hundred thousand dollars ($2,500,000), the transit operator may award the project to the lowest responsible bidder or by using the best value method.

(3) For the acquisition and installation of technology applications or surveillance equipment designed to enhance safety, disaster preparedness, and homeland security efforts, there shall be no cost threshold and the transit operator may award the contract to the lowest responsible bidder or by using the best value method.

(g) Except as provided in this section, nothing in this act shall be construed to affect the application of any other law.

SEC. 82. Section 20688.6 of the Public Contract Code is amended to read:

20688.6. (a) (1) Notwithstanding any other law, an agency, with approval of its duly constituted board in a public hearing, may utilize an alternative procedure for bidding on projects in the community in excess of one million dollars ($1,000,000) and may award the project using either the lowest responsible bidder or by best value.

(2) Only 10 design-build projects shall be authorized under this section.

(b) (1) It is the intent of the Legislature to enable entities as provided in Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code to utilize design-build for those infrastructure improvements authorized in Sections 33421, 33445, and 33445.1 of the Health and Safety Code and subject to the limitations on that authority described in Section 33421.1 of the Health and Safety Code.

(2) The Legislature also finds and declares that utilizing a design-build contract requires a clear understanding of the roles and responsibilities of each participant in the design-build process.

(3) (A) For contracts for public works projects awarded prior to January 1, 2012, if the board elects to proceed under this section, the board shall establish and enforce a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code, or it shall

contract with a third party to operate a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code. This requirement shall not apply to projects where the agency or the design-build entity has entered into a collective bargaining agreement or agreements that bind all of the contractors performing work on the projects.

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

(c) As used in this section:

(1) "Best value" means a value determined by objective criteria related to price, features, functions, and life-cycle costs.

(2) "Design-build" means a procurement process in which both the design and construction of a project are procured from a single entity.

(3) "Design-build entity" means a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.

(4) "Project" means those infrastructure improvements authorized in Sections 33421, 33445, and 33445.1 of the Health and Safety Code and subject to the limitations and conditions on that authority described in Article 10 (commencing with Section 33420) and Article 11 (commencing with Section 33430) of Chapter 4 of Part 1 of Division 24 of the Health and Safety Code.

(d) Design-build projects shall progress in a four-step process, as follows:

(1) (A) The agency shall prepare a set of documents setting forth the scope of the project. The documents may include, but are not limited to, the size, type, and desired design character of the public improvement, performance specifications covering the quality of materials, equipment, and workmanship, preliminary plans or building layouts, or any other information deemed necessary to describe adequately the agency's needs. The performance specifications and any plans shall be prepared by a design professional who is duly licensed and registered in California.

(B) Any architect or engineer retained by the agency to assist in the development of the project specific documents shall not be eligible to participate in the preparation of a bid with any design-build entity for that project.

(2) (A) Based on the documents prepared as described in paragraph (1), the agency shall prepare a request for proposals that invites interested parties to submit competitive sealed proposals in the manner prescribed by the agency. The request for proposals shall include, but is not limited to, the following elements:

(i) Identification of the basic scope and needs of the project or contract, the expected cost range, and other information deemed necessary by the agency to inform interested parties of the contracting opportunity, to include the methodology that will be used by the agency to evaluate proposals and specifically if the contract will be awarded to the lowest responsible bidder.

(ii) Significant factors that the agency reasonably expects to consider in evaluating proposals, including cost or price and all nonprice-related factors.

(iii) The relative importance of the weight assigned to each of the factors identified in the request for proposals.

(B) With respect to clause (iii) of subparagraph (A), if a nonweighted system is used, the agency shall specifically disclose whether all evaluation factors other than cost or price when combined are:

(i) Significantly more important than cost or price.

(ii) Approximately equal in importance to cost or price.

(iii) Significantly less important than cost or price.

(C) If the agency chooses to reserve the right to hold discussions or negotiations with responsive bidders, it shall so specify in the request for proposal and shall publish separately or incorporate into the request for proposal applicable rules and procedures to be observed by the agency to ensure that any discussions or negotiations are conducted in good faith.

(3) (A) The agency shall establish a procedure to prequalify design-build entities using a standard questionnaire developed by the agency. In preparing the questionnaire, the agency shall consult with the construction industry, including representatives of the building trades and surety industry. This questionnaire shall require information including, but not limited to, all of the following:

(i) If the design-build entity is a partnership, limited partnership, or other association, a listing of all of the partners, general partners, or association members known at the time of bid submission who will participate in the design-build contract, including, but not limited to, mechanical subcontractors.

(ii) Evidence that the members of the design-build entity have completed, or demonstrated the experience, competency, capability, and capacity to complete, projects of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, as well as a financial statement that assures the agency that the design-build entity has the capacity to complete the project.

(iii) The licenses, registration, and credentials required to design and construct the project, including information on the revocation or suspension of any license, credential, or registration.

(iv) Evidence that establishes that the design-build entity has the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

(v) Any prior serious or willful violation of the California Occupational Safety and Health Act of 1973, contained in Part 1 (commencing with Section 6300) of Division 5 of the Labor Code, or the federal Occupational Safety and Health Act of 1970 (Public Law 91-596), settled against any member of the design-build entity, and information concerning workers' compensation experience history and worker safety program.

(vi) Information concerning any debarment, disqualification, or removal from a federal, state, or local government public works project. Any instance in which an entity, its owners, officers, or managing employees submitted

a bid on a public works project and were found to be nonresponsive, or were found by an awarding body not to be a responsible bidder.

(vii) Any instance in which the entity, or its owners, officers, or managing employees, defaulted on a construction contract.

(viii) Any violations of the Contractors' State License Law (Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code), including alleged violations of federal or state law including the payment of wages, benefits, apprenticeship requirements, or personal income tax withholding, or of Federal Insurance Contributions Act (FICA; 26 U.S.C. Sec. 3101 et seq.) withholding requirements settled against any member of the design-build entity.

(ix) Information concerning the bankruptcy or receivership of any member of the design-build entity, including information concerning any work completed by a surety.

(x) Information concerning all settled adverse claims, disputes, or lawsuits between the owner of a public works project and any member of the design-build entity during the five years preceding submission of a bid pursuant to this section, in which the claim, settlement, or judgment exceeds fifty thousand dollars ($50,000). Information shall also be provided concerning any work completed by a surety during this period.

(xi) In the case of a partnership, joint venture, or an association that is not a legal entity, a copy of the agreement creating the partnership or association and specifying that all general partners, joint venturers, or association members agree to be fully liable for the performance under the design-build contract.

(B) The information required pursuant to this subdivision shall be verified under oath by the entity and its members in the manner in which civil pleadings in civil actions are verified. Information that is not a public record pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) shall not be open to public inspection.

(4) The agency shall establish a procedure for final selection of the design-build entity. Selection shall be based on either of the following criteria:

(A) A competitive bidding process resulting in lump-sum bids by the prequalified design-build entities. Awards shall be made to the lowest responsible bidder.

(B) An agency may use a design-build competition based upon best value and other criteria set forth in paragraph (2). The design-build competition shall include the following elements:

(i) Competitive proposals shall be evaluated by using only the criteria and selection procedures specifically identified in the request for proposal. However, the following minimum factors shall each represent at least 10 percent of the total weight of consideration given to all criteria factors: price, technical design and construction expertise, life-cycle costs over 15 years or more, skilled labor force availability, and acceptable safety record.

(ii) Once the evaluation is complete, the top three responsive bidders shall be ranked sequentially from the most advantageous to the least.

(iii) The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing, to be the most advantageous.

(iv) Notwithstanding any provision of this code, upon issuance of a contract award, the agency shall publicly announce its award, identifying the contractor to whom the award is made, along with a written decision supporting its contract award and stating the basis of the award. The notice of award shall also include the agency's second- and third-ranked design-build entities.

(v) For purposes of this paragraph, skilled labor force availability shall be determined by the existence of an agreement with a registered apprenticeship program, approved by the California Apprenticeship Council, which has graduated apprentices in each of the preceding five years. This graduation requirement shall not apply to programs providing apprenticeship training for any craft that has been deemed by the Department of Labor and the Department of Industrial Relations to be an apprenticeable craft in the five years prior to enactment of this act.

(vi) For purposes of this paragraph, a bidder's safety record shall be deemed acceptable if its experience modification rate for the most recent three-year period is an average of 1.00 or less, and its average total recordable injury/illness rate and average lost work rate for the most recent three-year period does not exceed the applicable statistical standards for its business category or if the bidder is a party to an alternative dispute resolution system as provided for in Section 3201.5 of the Labor Code.

(e) (1) Any design-build entity that is selected to design and build a project pursuant to this section shall possess or obtain sufficient bonding to cover the contract amount for nondesign services, and errors and omission insurance coverage sufficient to cover all design and architectural services provided in the contract. This section does not prohibit a general or engineering contractor from being designated the lead entity on a design-build entity for the purposes of purchasing necessary bonding to cover the activities of the design-build entity.

(2) Any payment or performance bond written for the purposes of this section shall be written using a bond form developed by the agency.

(f) All subcontractors that were not listed by the design-build entity in accordance with clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) shall be awarded by the design-build entity in accordance with the design-build process set forth by the agency in the design-build package. All subcontractors bidding on contracts pursuant to this section shall be afforded the protections contained in Chapter 4 (commencing with Section 4100) of Part 1. The design-build entity shall do both of the following:

(1) Provide public notice of the availability of work to be subcontracted in accordance with the publication requirements applicable to the competitive bidding process of the agency.

(2) Provide a fixed date and time on which the subcontracted work will be awarded in accordance with the procedure established pursuant to this section.

(g) The minimum performance criteria and design standards established pursuant to paragraph (1) of subdivision (d) shall be adhered to by the design-build entity. Any deviations from those standards may only be allowed by written consent of the agency.

(h) The agency may retain the services of a design professional or construction project manager, or both, throughout the course of the project in order to ensure compliance with this section.

(i) Contracts awarded pursuant to this section shall be valid until the project is completed.

(j) Nothing in this section is intended to affect, expand, alter, or limit any rights or remedies otherwise available at law.

(k) (1) If the agency elects to award a project pursuant to this section, retention proceeds withheld by the agency from the design-build entity shall not exceed 5 percent if a performance and payment bond, issued by an admitted surety insurer, is required in the solicitation of bids.

(2) In a contract between the design-build entity and the subcontractor, and in a contract between a subcontractor and any subcontractor thereunder, the percentage of the retention proceeds withheld shall not exceed the percentage specified in the contract between the agency and the design-build entity. If the design-build entity provides written notice to any subcontractor who is not a member of the design-build entity, prior to or at the time the bid is requested, that a bond may be required and the subcontractor subsequently is unable or refuses to furnish a bond to the design-build entity, then the design-build entity may withhold retention proceeds in excess of the percentage specified in the contract between the agency and the design-build entity from any payment made by the design-build entity to the subcontractor.

(*l*) Each agency that elects to proceed under this section and uses the design-build method on a public works project shall submit to the Legislative Analyst's Office before December 1, 2014, a report containing a description of each public works project procured through the design-build process after January 1, 2010, and before November 1, 2014. The report shall include, but shall not be limited to, all of the following information:

(1) The type of project.

(2) The gross square footage of the project.

(3) The design-build entity that was awarded the project.

(4) Where appropriate, the estimated and actual length of time to complete the project.

(5) The estimated and actual project costs.

(6) A description of any written protests concerning any aspect of the solicitation, bid, proposal, or award of the design-build project, including the resolution of the protests.

(7) An assessment of the prequalification process and criteria.

(8) An assessment of the effect of retaining 5-percent retention on the project.

(9) A description of the labor force compliance program and an assessment of the project impact, where required.

(10) A description of the method used to award the contract. If best value was the method, the report shall describe the factors used to evaluate the bid, including the weighting of each factor and an assessment of the effectiveness of the methodology.

(11) An assessment of the project impact of skilled labor force availability.

(12) An assessment of the design-build dollar limits on agency projects. This assessment shall include projects where the agency wanted to use design-build and was precluded by the dollar limitation. This assessment shall also include projects where the best value method was not used due to dollar limitations.

(13) An assessment of the most appropriate uses for the design-build approach.

(m) (1) In order to comply with paragraph (2) of subdivision (a), the State Public Works Board is required to maintain the list of agencies that have applied and are eligible to be qualified for this authority.

(2) Each agency that is interested in proceeding under the authority in this section must apply to the State Public Works Board. The application to proceed shall be in writing and contain such information that the State Public Works Board may require.

(3) The State Public Works Board shall approve or deny an application, in writing, within 90 days of the submission of a complete application. The authority to deny an application shall only be exercised if the condition set forth in paragraph (2) of subdivision (a) has been satisfied.

(4) An agency that has applied for this authorization shall, after it determines it no longer is interested in using this authority, notify the State Public Works Board in writing within 30 days of its determination. Upon notification, the State Public Works Board may contact any previous applicants, denied pursuant to paragraph (2) of subdivision (a), to inform them of the availability to proceed under this section.

(5) The State Public Works Board may authorize no more than 10 projects. The board shall not authorize or approve more than two projects for any one eligible redevelopment agency that submits a completed application.

(6) The State Public Works Board shall notify the Legislative Analyst's Office when 10 projects have been approved.

(n) On or before January 1, 2015, the Legislative Analyst shall report to the Legislature on the use of the design-build method by agencies pursuant to this section, including the information listed in subdivision (*l*). The report may include recommendations for modifying or extending this section.

(o) Except as provided in this section, nothing in this act shall be construed to affect the application of any other law.

(p) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

SEC. 83. Section 20919.3 of the Public Contract Code is amended to read:

20919.3. (a) (1) For contracts for public works projects awarded prior to January 1, 2012, the unified school district shall establish and enforce for job order contracts a labor compliance program containing the requirements outlined in Section 1771.5 of the Labor Code, or it shall contract with a third party to operate a labor compliance program containing the requirements outlined in that provision. This requirement does not apply to any project where the unified school district or the job order contractor has entered into a collective bargaining agreement or agreements that bind all of the contractors performing work on the projects.

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

(b) The unified school district shall prepare an execution plan for all modernization projects that may be eligible for job order contracting pursuant to this article. The unified school district shall select from that plan a sufficient number of projects to be initiated as job order contracts during each calendar year and shall determine for each selected project that job order contracting will reduce the total cost of that project. Job order contracting shall not be used if the unified school district finds that it will increase the total cost of the project.

(c) No later than June 30, 2017, the unified school district shall submit an interim report on all job order contract projects completed by December 31, 2016, to the Office of Public School Construction in the Department of General Services and the Senate Committee on Business, Professions and Economic Development and the Assembly Committee on Business, Professions and Consumer Protection and the Senate and Assembly Committees on Education. The interim report shall be prepared by an independent third party and the unified school district shall pay for the cost of the report. The report shall include the information specified in subdivisions (a) through (h) of Section 20919.12.

SEC. 84. Section 100152 of the Public Utilities Code is repealed.

SEC. 85. Section 100152 is added to the Public Utilities Code, to read:

100152. Any public works project that is contracted for pursuant to this article shall be subject to the requirements of Section 1771.4 of the Labor Code.

SEC. 86. Section 103396 of the Public Utilities Code is repealed.

SEC. 87. Section 103396 is added to the Public Utilities Code, to read:

103396. Any public works project that is contracted for pursuant to this article shall be subject to the requirements of Section 1771.4 of the Labor Code.

SEC. 88. Section 75.70 of the Revenue and Taxation Code is amended to read:

75.70. (a) Notwithstanding any other law, for the 1983–84 fiscal year, each county auditor shall allocate to all elementary, high school, and unified school districts within the county in proportion to each school district's average daily attendance, as certified by the Superintendent of Public Instruction for purposes of the advance apportionment of state aid in the then current fiscal year, without respect to the allocation of property tax revenues pursuant to Chapter 6 (commencing with Section 95) of Part 0.5, and without respect to allocation and payment of funds as provided for in subdivision (b) of Section 33670 of the Health and Safety Code, an amount equal to the additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments for the current roll under this chapter. Additional revenues generated by a rate or rates levied in excess of the limitation prescribed by subdivision (a) of Section 1 of Article XIII A of the California Constitution shall be allocated to the fund for which the tax rate or rates were levied.

(b) For the 1984–85 fiscal year, the county auditor shall, without respect to the allocation of property tax revenues pursuant to Chapter 6 (commencing with Section 95) of Part 0.5, do all of the following:

(1) Make the allocation and payment of funds as provided in Section 33670 of the Health and Safety Code.

(2) Allocate to the county the amount determined pursuant to Section 75.60.

(3) Allocate to the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by the county's property tax apportionment factor determined pursuant to Section 97.5.

(4) Allocate to each community college district and county superintendent of schools within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by each county superintendent of schools' and community college district's property tax apportionment factor determined pursuant to Section 97.5.

(5) Allocate to each city within the county an amount equal to the total amount of additional revenue generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by each city's property tax apportionment factor determined pursuant to Section 97.5.

(6) Allocate to each special district within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California

Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraphs (1) and (2), the remainder multiplied by each special district's property tax apportionment factor determined pursuant to Section 97.5. The amount allocated to each special district which is governed by the board of supervisors of a county or whose governing board is the same as the board of supervisors of a county, shall be subject to Section 98.6.

(7) Allocate the remaining revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter to all elementary, high school, and unified school districts within the county in proportion to each school district's average daily attendance, as certified by the Superintendent of Public Instruction for purposes of the advance apportionment of state aid in the then current fiscal year.

(8) Allocate additional revenues generated by a rate levied in excess of the limitation prescribed by subdivision (a) of Section 1 of Article XIII A of the California Constitution to the fund or funds for which the tax rate or rates were levied.

These allocations shall be made on a timely basis but no later than 30 calendar days after the close of the preceding monthly or four-weekly accounting period.

(c) For the 1985–86 fiscal year, and each fiscal year thereafter, the county auditor shall, without respect to the allocation of property tax revenues pursuant to Chapter 6 (commencing with Section 95) of Part 0.5, do all of the following:

(1) Make the allocation and payment of funds as provided in Section 33670 of the Health and Safety Code.

(2) Allocate and pay to the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by the county's property tax apportionment factor determined pursuant to Section 96.2.

(3) Allocate and pay to each county superintendent of schools and community college district within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by each county superintendent of schools' and community college district's property tax apportionment factor determined pursuant to Section 96.2.

(4) Allocate and pay to each city within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by each

city's property tax apportionment factor determined pursuant to Section 96.2.

(5) Allocate and pay to each special district within the county an amount equal to the total amount of additional revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter, less the amount determined pursuant to paragraph (1), the remainder multiplied by each special district's property tax apportionment factor determined pursuant to Section 96.2. The amount allocated to each special district which is governed by the board of supervisors of a county or whose governing body is the same as the board of supervisors of a county, shall be subject to Section 98.6.

(6) Allocate and pay the remaining revenues generated by the rate levied pursuant to subdivision (a) of Section 1 of Article XIII A of the California Constitution applied to the increased assessments under this chapter to all elementary, high school, and unified school districts within the county in proportion to each school district's average daily attendance, as certified by the Superintendent of Public Instruction for the purposes of the advance apportionment of state aid in the then current fiscal year.

(7) Allocate and pay additional revenues generated by a rate levied in excess of the limitation prescribed by subdivision (a) of Section 1 of Article XIII A of the California Constitution to the fund or funds for which the tax rate or rates were levied.

These allocations and payments shall be made on a timely basis but no later than 30 calendar days after the close of the preceding monthly or four-weekly accounting period. For a county with a population of 500,000 or less, the allocations may be made on a biannual basis.

(d) For purposes of the certification made by the Superintendent of Public Instruction pursuant to paragraph (6) of subdivision (c), the average daily attendance of the following school districts shall be deemed to be zero:

(1) In the case of multicounty school districts, the portions of the school districts located other than in the county of control.

(2) A school district that is an excess tax school entity, as defined in subdivision (n) of Section 95, in the prior fiscal year.

(e) The Superintendent of Public Instruction shall certify the appropriate counts of average daily attendance pursuant to subdivision (a) to each county auditor no later than July 15 of each applicable fiscal year.

(f) If the average daily attendance of all elementary, high school, and unified school districts within the county is deemed to be zero by the Superintendent of Public Instruction pursuant to subdivision (d), the county auditor shall reallocate the revenues described in paragraph (6) of subdivision (c) to the entities listed in paragraphs (2) to (5), inclusive, of subdivision (c), in proportion to each entity's percentage of revenues in comparison to the aggregate total of revenues.

(g) On or before November 15 and April 15, the auditor of each county shall furnish to the Superintendent of Public Instruction the estimated amount

of tax receipts pursuant to this section of each school district situated within his or her county.

(h) In the event property tax revenues under this chapter are generated by a change in ownership or completed new construction which occurred on or before May 31, 1984, but are collected subsequent to the 1983–84 fiscal year, the revenues for the current roll shall be allocated to school districts as if they had been collected and allocated during this 1983–84 fiscal year. Any of the aforementioned revenues which are collected in the 1984–85 fiscal year shall be applied to school apportionments for the 1984–85 fiscal year.

SEC. 89. Section 95.5 is added to the Revenue and Taxation Code, to read:

95.5. (a) The Legislature finds and declares all of the following:

(1) In recognition of the fact that over 50 percent of annual property tax revenues accrue to K–14 schools and county offices of education, and thereby help to offset the state's General Fund obligation to those entities, the state has a vested financial interest in ensuring that county assessors have the resources necessary to fairly and efficiently administer the county property tax rolls. Fair and efficient administration includes, but is not limited to, the expeditious enrollment of properties that are newly constructed or that change ownership, the timely levying of supplemental assessments when ownership changes occur, the timely reassessment of property to reflect market values, and the defense of assessed valuations that county assessors believe have been improperly appealed.

(2) It is the intent of the Legislature to establish a three-year pilot program limited to nine competitively selected county assessors' offices to quantify the benefit of providing county assessors with state grants to improve their ability to discharge these, and related essential duties.

(3) The success of the pilot program shall be determined based on whether the assessment activities funded with pilot program funds in each county have enhanced countywide equalization by properly valuing property, and have thereby generated property tax revenues for K–14 schools and county offices of education in an amount that is not less than the total amount of General Fund revenues expended to fund the pilot program in each participating county.

(b) For the 2014–15 fiscal year to the 2016–17 fiscal year, inclusive, there is hereby created the State-County Assessors' Partnership Agreement Program, to be administered by the Department of Finance.

(1) Program funding shall be subject to appropriation in the annual Budget Act. The program shall be inoperative in any fiscal year in which an appropriation is not provided.

(2) Each participating county shall annually match, on a dollar-for-dollar basis, the program funds apportioned to their county assessor's office.

(3) Program funds provided to participating county assessors shall be used to supplement, and not supplant, existing funding. For purposes of this paragraph, base staffing and funding levels shall be calculated as of June 30, 2014, unless otherwise authorized by the Department of Finance.

(4) (A) The costs paid under the program shall be both of the following:

(i) Actual administrative costs for purposes of Section 75.60.

(ii) Property tax administrative costs for purposes of Section 95.3.

(B) For purposes of this paragraph, "costs paid under the program" includes both of the following:

(i) Program funds provided to participating county assessor's offices by the state.

(ii) Matching funds provided by the county.

(c) All counties shall be eligible to apply to participate in the program. However, the Department of Finance shall limit program participation as follows:

(1) (A) No more than two program participants shall be selected from counties of the first or second class, inclusive, as defined in Sections 28022 and 28023 of the Government Code.

(B) Each county selected from within the classes specified in subparagraph (A) shall be eligible to receive at least 25 percent of the amount annually appropriated for the program, not to exceed one million eight hundred seventy-five thousand dollars ($1,875,000).

(C) If the number of approved program participants is not sufficient to meet the number of participants allowed under subparagraph (A), the number of program participants under subparagraph (A) of paragraph (2) may be increased by the remaining number of participants from this paragraph. The remaining funds will be added to the funds available within subparagraph (B) of paragraph (2) so that the total program funds will be available for distribution equally among the participants in paragraph (2).

(2) (A) No more than four program participants shall be selected from counties of the 3rd to 12th classes, inclusive, as defined in Sections 28024 to 28033, inclusive, of the Government Code.

(B) Each county selected from within the classes specified in subparagraph (A) shall be eligible to receive at least 11 percent of the amount annually appropriated for the program, not to exceed eight hundred twenty-five thousand dollars ($825,000).

(C) If the number of approved program participants is not sufficient to meet the number of participants allowed under subparagraph (A), the number of program participants under subparagraph (A) of paragraph (3) may be increased by the remaining number of participants from this paragraph. The remaining funds will be added to the funds available within subparagraph (B) of paragraph (3) so that the total program funds set aside will be available for distribution equally among the participants in paragraph (3).

(3) (A) No more than three program participants shall be selected from counties of the 13th to 58th classes, inclusive, as defined in Sections 28034 to 28079, inclusive, of the Government Code.

(B) Each county selected from within the classes specified in subparagraph (A) shall be eligible to receive at least 2 percent of the amount annually appropriated for the program, not to exceed one hundred fifty thousand dollars ($150,000).

(4) County populations for purposes of this subdivision shall be determined based on the most recent January estimate by the population research unit of the Department of Finance.

(d) County assessors' offices that elect to apply to participate in the program shall do all the following on or before September 15, 2014:

(1) Transmit to the Department of Finance a resolution of the county board of supervisors that states the county agrees to provide the assessor's office with matching funds, on a dollar-for-dollar basis, in each year that the assessor's office participates in the program.

(2) Submit to the Department of Finance an application, in the form and manner specified by Department of Finance. The Department of Finance may reject applications not received by the specified date. At a minimum, the application shall include the following:

(A) The staff the county assessor proposes to fund using program funds and matching county funds.

(B) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (A) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (A) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of newly constructed real property that has not yet been enrolled and the estimated rate at which the staff identified in subparagraph (A) will enroll that property.

(C) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (B) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (B) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of real property that has changed ownership and not yet been reassessed and the estimated dollar value of that real property.

(D) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (C) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (C) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of supplemental assessments that have not been issued and the estimated dollar value of those assessments.

(E) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (D) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (D) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of real properties that have not been reassessed upon modification and the estimated dollar value that those modifications will add to the county property tax roll.

(F) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (E) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (E) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of escaped assessments and the estimated dollar value of those assessments.

(G) The estimated value that the staff identified in subparagraph (A) will add to the county property tax roll pursuant to work performed in accordance with subparagraph (F) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (F) of paragraph (1) of subdivision (f).

(ii) The estimated countywide backlog of properties that have not been reassessed to market value subsequent to having their assessed values reduced and the estimated dollar value of those reassessments.

(H) The estimated number of assessment appeals to which the staff identified in subparagraph (A) will respond in accordance with subparagraph (G) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value retained on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (G) of paragraph (1) of subdivision (f).

(ii) The number of assessment appeals to which the county assessor was unable to respond due to staffing shortages in the 2013–14 fiscal year, and the dollar amount by which the county property tax roll was consequently reduced.

(I) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (H) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's office staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (H) of paragraph (1) of subdivision (f).

(ii) The estimated amount resulting in change to the county property tax roll due to additional audits completed pursuant to Sections 469 and 470 and the estimated dollar value of those assessments.

(J) The estimated value that the staff identified in subparagraph (A) will result in a change to the county property tax roll pursuant to work performed in accordance with subparagraph (I) of paragraph (1) of subdivision (f). This information shall be provided for each of the three fiscal years that the program is authorized to operate. The application shall separately state each of the following:

(i) The dollar value changed on the county property tax roll by county assessor's staff in the 2013–14 fiscal year through performance of the tasks described in subparagraph (I) of paragraph (1) of subdivision (f).

(ii) The estimated amount resulting in a change to the county property tax roll due to discovering taxable property pursuant to Sections 405 and 531, the estimated dollar value of those assessments, and the estimated rate at which the staff identified in subparagraph (A) will issue those assessments.

(K) State the amount of program funds and county matching funds that the county assessor proposes to expend for each of paragraphs (2) and (3) of subdivision (f).

(e) (1) The Department of Finance shall review the applications, select the program participants on the strength of those applications, and notify the participants of their selection no later than October 15, 2014. No later than October 22, 2014, and each October 22 thereafter while the program is operative, the Department of Finance shall instruct the office of the State Controller to remit to each participating county the appropriate sum in accordance with subdivision (c).

(2) It is the intent of the Legislature that the Department of Finance seek to ensure that the applicants selected to participate in the program consist of a representative cross section of the state's county assessor's offices. Therefore, it is the intent of the Legislature that the Department of Finance

consider factors other than revenue generating potential when reviewing applications.

(f) County assessors' offices shall use program funds only for the following purposes, provided that the funds may be used for additional, related purposes upon the receipt of specific authorization from the Department of Finance:

(1) The payment of salaries and benefits to assessor's office staff hired or otherwise funded subsequent to the Department of Finance's approval of the assessor's program participation application pursuant to subdivision (d), to assist with the following activities:

(A) Assessing and enrolling newly constructed real property.

(B) Reassessing real property that has changed ownership.

(C) Processing supplemental assessments for real property that has changed ownership.

(D) Reassessing existing real property that has been modified in a way that changes its current assessed value.

(E) Reassessing real and personal property that has escaped assessment, as defined in Section 531.

(F) Reassessing to current market value those real properties for which the county assessor previously reduced the assessed valuation pursuant to subdivision (b) of Section 2 of Article XIII A of the Constitution.

(G) Responding to real property assessment appeals pursuant to Part 3 (commencing with Section 1601) of Division 1.

(H) Conducting property tax audits pursuant to Sections 469 and 470.

(I) Discovering real and personal property not previously assessed.

(2) Procuring office space for staff hired pursuant to paragraph (1).

(3) Procuring office supplies and related items for staff hired pursuant to paragraph (1).

(4) Procuring information technology systems and software to assist with the activities specified in subparagraphs (A) to (G), inclusive, of paragraph (1) by increasing efficiencies and effectiveness of property tax administration, and allowing for appropriate utilization of program receipts. For purposes of this paragraph, "information technology systems and software" shall exclude desktop computers, portable computers, tablet computers, and mobile phones, unless specifically authorized by the Department of Finance.

(g) No later than April 15, 2015, and each subsequent April 15 that the program is operative, each participating county assessor's office shall report the following information to the Department of Finance in the form and manner specified by the Department of Finance:

(1) The matching funds provided by the county in the fiscal year.

(2) A status report for completing the assessment activities using program funds and county matching funds to meet the benchmarks specified in paragraph (2) of subdivision (a) in the next fiscal year.

(h) No later than September 15, 2015, and each subsequent September 15 that the program is operative, each participating county assessor's office

shall report the following information to the Department of Finance in the form and manner specified by the Department of Finance:

(1) (A) The matching funds provided by the county in the fiscal year.

(B) If the matching funds provided by the county are less than the amount determined for that year by the Department of Finance pursuant to paragraph (2) of subdivision (b), the Director of Finance shall immediately terminate the county's participation in the program.

(2) The number of staff whose salaries and benefits were paid in full with program grant funds and with county matching funds in the fiscal year.

(3) The number of properties assessed and enrolled in the fiscal year pursuant to subparagraph (A) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total assessed value of those properties. If applicable, the county assessor shall separately report the number of properties assessed and enrolled in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total assessed value of those properties.

(4) The number of properties reassessed in the fiscal year pursuant to subparagraph (B) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those reassessments. If applicable, the county assessor shall separately report the number of properties reassessed in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those reassessments.

(5) The number of supplemental assessments enrolled in the fiscal year pursuant to subparagraph (C) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those supplemental assessments. If applicable, the county assessor shall separately report the number of supplemental assessments enrolled in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those supplemental assessments.

(6) The number of properties reassessed in the fiscal year pursuant to subparagraph (D) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f) and the total roll value of those reassessments. If applicable, the county assessor shall separately report the number of properties reassessed in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those reassessments.

(7) The number of escaped assessments enrolled in the fiscal year pursuant to subparagraph (E) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f), and the total roll value of those assessments. If applicable, the county assessor shall separately report the number of escaped assessments enrolled in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those assessments.

(8) The number of properties reassessed in the fiscal year pursuant to subparagraph (F) of paragraph (1) of subdivision (f) by the staff identified

in paragraph (1) of subdivision (f), and the total roll value of those reassessments. If applicable, the county assessor shall separately report the number of properties reassessed in the fiscal year using the information technology systems and software identified in paragraph (4) of subdivision (f) and the total roll value of those reassessments.

(9) The number of assessment appeals successfully responded to in the fiscal year pursuant to subparagraph (G) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f) and the total value retained on the roll as a result. For purposes of this paragraph, "successfully responded to" means the assessment appeals board did not reduce the assessed value to that claimed by the appellant.

(10) The additional number of property tax audits completed in the fiscal year pursuant to subparagraph (H) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f) and the total value retained on the roll as a result. For purposes of this paragraph, additional audits refers to the number greater than the required volume of pool audits pursuant to Section 469.

(11) The number of properties discovered pursuant subparagraph (I) of paragraph (1) of subdivision (f) by the staff identified in paragraph (1) of subdivision (f) and the total value retained on the roll as a result.

(i) The Department of Finance shall annually review the information submitted pursuant to subdivision (g), and shall determine for each county whether the work performed using program funds and county matching funds has met the benchmarks specified in paragraph (2) of subdivision (a). Subsequent to the provision of 30 days' notice to the Joint Legislative Budget Committee, the Director of Finance may terminate the participation of a county assessor's office in the program under the following circumstances:

(1) If the program activities of the assessor's office have not met the benchmarks specified in paragraph (2) of subdivision (a), and if the Director of Finance believes the assessor's office does not have a viable plan for performing additional assessment activities that will meet those benchmarks in the next fiscal year.

(2) If the program funds were expended for purposes not authorized in subdivision (f), or as otherwise approved by the Department of Finance pursuant to that subdivision.

(3) If the Director of Finance believes that the county's participation is no longer in the best fiscal or policy interest of the state or of the affected taxing entities.

(j) Upon the request of the Department of Finance, participating county assessors' offices shall provide the Department of Finance with any supplemental information necessary to substantiate the information contained in the report submitted pursuant to subdivision (g).

(k) No later than May 8, 2017, the Department of Finance shall provide the Joint Legislative Budget Committee with a report that, at a minimum, includes the following information for each county and for each fiscal year that the program was in operation:

(1) The assessed value of properties enrolled pursuant to subparagraph (A) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the assessed value of properties enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(2) The increase in assessed value of properties reassessed pursuant to subparagraph (B) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value of properties reassessed using the information technology systems and software identified in paragraph (4) of subdivision (f).

(3) The total value of the supplemental assessments levied pursuant to subparagraph (C) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the value of the supplemental assessments levied using the information technology systems and software identified in paragraph (4) of subdivision (f).

(4) The increase in assessed value of properties reassessed pursuant to subparagraph (D) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value of properties reassessed using the information technology systems and software identified in paragraph (4) of subdivision (f).

(5) The increase in assessed value associated with escaped assessments enrolled pursuant to subparagraph (E) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value associated with escaped assessments enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(6) The increase in assessed value associated with properties reassessed pursuant to subparagraph (F) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value associated with properties reassessed using the information technology systems and software identified in paragraph (4) of subdivision (f).

(7) The number of assessment appeals successfully responded to pursuant to subparagraph (G) of paragraph (1) of subdivision (f), using program funds and county matching funds, and the amount of assessed value retained on the roll as a result. For purposes of this paragraph, “successfully responded to” means the assessment appeals board did not reduce the assessed value to that claimed by the appellant.

(8) The increase in assessed value associated with property tax audits pursuant to subparagraph (H) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value associated

with escaped assessments enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(9) The increase in assessed value associated with the discovery of previously unassessed property pursuant to subparagraph (I) of paragraph (1) of subdivision (f), using program funds and county matching funds. If applicable, the Department of Finance shall separately report the increase in assessed value associated with escaped assessments enrolled using the information technology systems and software identified in paragraph (4) of subdivision (f).

(10) An estimate of the countywide property tax revenue resulting from the assessed valuation increases identified pursuant to paragraphs (1) to (9), inclusive, and paragraphs (8) and (9).

(11) An estimate of the countywide property tax revenue that was retained as a result of the appeals workload identified in paragraph (7).

(12) An estimate of the amount of revenue identified in paragraphs (10) and (11) that accrued to the following entities:

(A) K–12 school districts.

(B) California Community College districts.

(C) County Offices of Education.

(13) A determination as to whether the program succeeded according to the criteria specified in paragraph (3) of subdivision (a), and a recommendation as to whether the program should be continued in its current form, expanded to include additional county assessors' offices, or terminated in the 2017–18 fiscal year.

(*l*) The Legislature finds and declares there is a compelling public interest in allowing the Department of Finance to implement and administer the provisions of this section as expeditiously as possible, and to thereby accelerate countywide equalization efforts. The Department of Finance is therefore exempt from the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) for the express purpose of carrying out the duties in this section.

SEC. 90. Section 1112 of the Unemployment Insurance Code is amended to read:

1112. (a) Any employer who without good cause fails to pay any contributions required of him or her or of his or her workers, except amounts assessed under Article 8 of this chapter, within the time required shall pay a penalty of 15 percent of the amount of those contributions.

(b) Any employer required to remit payments by electronic funds transfer pursuant to Section 13021, who without good cause remits those amounts by means other than electronic funds transfer shall pay a penalty of 15 percent of the amount of those contributions.

(c) The changes made to this section by the act adding this subdivision shall apply on and after July 1, 2014.

SEC. 91. Section 1112.5 of the Unemployment Insurance Code is amended to read:

1112.5. (a) Any employer who without good cause fails to file the return and reports required by subdivision (a) of Section 1088 and subdivision (a) of Section 13021 within 60 days of the time required under subdivision (a) of Section 1110 shall pay a penalty of 15 percent of the amount of contributions and personal income tax withholding required by this report. This penalty shall be in addition to the penalties required by Sections 1112 and 1126.

(b) For purposes of subdivision (a), the amount of contributions and personal income tax required by the report of contributions shall be reduced by the amount of any contributions and personal income tax paid on or before the prescribed payment dates.

(c) The changes made to this section by the act adding this subdivision shall apply on and after July 1, 2014.

SEC. 92. Section 1114 of the Unemployment Insurance Code is amended to read:

1114. (a) Any employer who, without good cause, fails to file within 15 days after service by the director of notice pursuant to Section 1206 of a specific written demand therefor, a report of wages of each of his or her workers required by this division, shall pay in addition to other amounts required, for each unreported wage item a penalty of twenty dollars ($20).

(b) Any employer required by this division to file a report of wages of each of his or her workers on magnetic media as prescribed by subdivision (f) of Section 1088, who, without good cause, instead files a report of wages on paper or in another form, shall pay in addition to other amounts required, for each wage item a penalty of twenty dollars ($20).

(c) The changes made to this section by the act adding this subdivision shall apply on and after July 1, 2014.

SEC. 93. Section 1126 of the Unemployment Insurance Code is amended to read:

1126. (a) If any employing unit fails to make a return or report as required under this division, the director shall make an estimate based upon any information in his or her possession or that may come into his or her possession of the amount of wages paid for employment in the period or periods for which no return or report was filed and upon the basis of the estimate shall compute and assess the amounts of employer and worker contributions payable by the employing unit, adding thereto a penalty of 15 percent of the amount of contributions.

(b) The changes made to this section by the act adding this subdivision shall apply on and after July 1, 2014.

SEC. 94. Section 1127 of the Unemployment Insurance Code is amended to read:

1127. (a) If the director is not satisfied with any return or report made by any employing unit of the amount of employer or worker contributions, he or she may compute the amount required to be paid upon the basis of facts contained in the return or reports or may make an estimate upon the basis of any information in his or her possession or that may come into his or her possession and make an assessment of the amount of the deficiency.

If any part of the deficiency is due to negligence or intentional disregard of this division or authorized regulations, a penalty of 15 percent of the amount of the deficiency shall be added to the assessment.

(b) The changes made to this section by the act adding this subdivision shall apply on and after July 1, 2014.

SEC. 95. Section 1135 of the Unemployment Insurance Code is amended to read:

1135. (a) Assessments under this article become delinquent if not paid on or before the date they become final pursuant to Sections 1036, 1221, 1222, and 1224. There shall be added to the amount of each delinquent assessment a penalty of 15 percent of the amount thereof exclusive of interest and penalties.

(b) The changes made to this section by the act adding this subdivision shall apply on and after July 1, 2014.

SEC. 96. Section 1585.5 of the Unemployment Insurance Code is amended to read:

1585.5. (a) The director shall estimate the amount of penalties and interest collected by the department pursuant to Division 6 (commencing with Section 13000) relating to the withholding of personal income tax and shall transfer such amount to the Personal Income Tax Fund on a quarterly basis.

(b) For the 2014–15 fiscal year, the quarterly transfer to the Personal Income Tax Fund pursuant to subdivision (a) is suspended.

SEC. 97. Section 2 of Chapter 469 of the Statutes of 2002 is amended to read:

Sec. 2. There is hereby appropriated the sum of one hundred thousand dollars ($100,000) for each fiscal year from the General Fund to the Military Department for the establishment and operation of the California State Military Museum and Resource Center described in Section 179 of the Military and Veterans Code.

SEC. 98. The amount of two million dollars ($2,000,000) is hereby appropriated from the General Fund to the Governor's Office of Business and Economic Development on a one-time basis to be used to draw down federal funding in support of the Small Business Development Center Network Program. These funds shall be available for encumbrance and expenditure until June 30, 2017.

SEC. 99. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

SEC. 100. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

O