



REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

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915 I Street, Sacramento, CA 95814-2671

CONSENT REPORT
May 5, 2009

Honorable Members of the
Law and Legislation Committee

Subject: Legislative Position: Support AB 1364 (Evans) Relating to Public Contracts

Location/Council District: Citywide

Recommendation:

Adopt a support position on AB 1364 (Evans), an act relating to public contracts, and declaring the urgency thereof, to take effect immediately.

Contact: Patti Bisharat, Director of Governmental Relations, 916-808-8197.

Presenters: n/a

Department: Office of the City Manager

Division: Legislative Affairs

Organization No: 09200

Description/Analysis

Issue: At its December 2008 through February 2009 board meetings, the State's Pooled Money Investment Board suspended, with few exceptions, the flow of state monies to 5,400 bond-funded capital projects. The City could potentially lose grant monies as a result of not meeting specified deadlines - due to these delays in the State releasing funds. While Governor Schwarzenegger did announce on April 22nd the restarting of over 5,000 California Infrastructure projects following the sale of \$6.85 in bonds, AB 1364 offers greater protections to the City should the May ballot measures regarding the State budget fail passage. AB 1364 aids the recipients of state infrastructure bond dollars – such as local governments, private contractors, and non-profit organizations – that are subject to potential “stop work orders.” In cases where a portion or no bond funds have been received, state agencies would be authorized to adjust the dates, deliverables and liabilities within the relevant state contracts. This legislation is sponsored by the California Council of Land Trusts and the Planning and Conservation League.

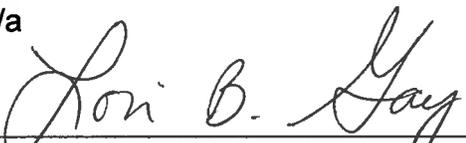
Policy Considerations: This bill is consistent with the City's operational principle to create economic vitality for all City residents and the City Manager's stated commitment to providing streamlined services that reduce time investment, confusion, redundancies, save energy, money and offer continuous improvement.

Environmental Considerations: None.

Rationale for Recommendation: The City is in danger of losing State issued grant monies due to our failure to meet specified deadlines. However, the cause of this delay is the State's suspension of the funding necessary for continued progress. If we do not resume projects that are due to be completed in 2011, the City may not be able to complete these projects. For example, we have one project funded by Proposition 12, the Riparian and Riverine project, which involves improvements in the Ueda Parkway/Hansen's Ranch area. The grant for this project is set to liquidate in June 2010; if we do not get the word from the State to resume work on this project (which may be halted again as early as May 2009), we will not be able to complete it before the grant liquidates. AB 1364 will extend the deadlines we are required to meet per our agreements with the State.

Financial Considerations: AB 1364 will preserve grant funding that could otherwise be lost due to the State's stop work order.

Emerging Small Business Development (ESBD): n/a

Respectfully Submitted by: 
Lori B. Gay, Administrative Assistant

Approved by: 
Patti Bisharat
Director of Governmental Affairs

Recommendation Approved:


RAY KERRIDGE
City Manager

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Attachment 1 - Draft Letter of Support

May 6, 2009

The Honorable Noreen Evans
California State Assembly
State Capitol, Room 6026
Sacramento, CA 95814
ATTN: Legislative Director

SUBJECT: Support AB 1364 – Public Contracts.

Dear Assembly Member Evans:

On behalf of the City of Sacramento, I am pleased to write in support of AB 1364. AB 1364 aids the recipients of state infrastructure bond dollars – such as local governments, private contractors, and non-profit organizations – that are currently subject to the “stop work order.” In cases where a portion or no bond funds have been received, state agencies would be authorized to adjust the dates, deliverables and liabilities within the relevant state contracts.

The City is in danger of losing State issued grant monies due to our failure to meet specified deadlines. However, the cause of this delay is the State’s suspension of the funding necessary for continued progress. AB 1364 will extend the deadlines we are required to meet per our agreements with the State.

Thank you for introducing this important legislation.

Sincerely,

SANDY SHEEDY, Chair
Law and Legislation Committee

cc: Senator Darrell Steinberg
Senator Dave Cox
Assembly Member Dave Jones
Assembly Member Alyson Huber
Assembly Member Roger Niello
Members, Assembly Committee on Business and Professions
Mayor Johnson and Members of the City Council
David Jones, Emanuels and Jones and Associates

Attachment 2 – Bill Text

BILL NUMBER: AB 1364 INTRODUCED
BILL TEXT

INTRODUCED BY Assembly Member Evans

FEBRUARY 27, 2009

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1364, as introduced, Evans. Public contracts

Existing law permits the modification of contracts by state agencies in specified instances.

This bill would provide that, notwithstanding any other provision of law, any state agency that has entered into a contract where the agency has or may be unable to comply with the terms of that contract because of the suspension of programs by the Pooled Money Investment Board as described in California Department of Finance Budget Letter 08-33 shall have authority to amend the terms of the contract to address contract deadlines and deliverables that may not be met because of that suspension.

The bill would declare that it would take effect immediately as an urgency statute.

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

State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Notwithstanding any other provision of law, any state agency that has entered into a contract where the agency has or may be unable to comply with the terms of that contract because of the suspension of programs by the Pooled Money Investment Board as described in California Department of Finance Budget Letter 08-33 shall have authority to amend the terms of the contract to address contract deadlines and deliverables that may not be met because of that suspension.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to permit state agencies to take immediate action to make needed revisions to contracts, it is necessary for this act to take effect immediately.