CONTRA COSTA COUNTY LIBRARY COMMISSION
AGENDA ATTACHMENT 8

MEETING DATE: Thursday, March 27, 2014
AGENDA ITEM #: 12 B

ITEM: SB 1455: LIBRARY CONSTRUCTION BOND MEASURE

RECOMMENDED ACTION:

Commissioner Alan Smith (District IV), will lead discussion on SB 1455, as introduced by State Senator DeSaulnier on February 21, 2014: the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2014.
An act to add Chapter 12.5 (commencing with Section 20020) to Part 11 of Division 1 of Title 1 of the Education Code, relating to financing a public library construction and renovation program by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California, and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 1455, as introduced, DeSaulnier. California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2014.

Existing law establishes the California Library Construction and Renovation Bond Act of 1988 and the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. Existing law authorizes the issuance of bonds, pursuant to the State General Obligation Bond Law, in the amount of $72,405,000 in the 1988 bond act and in the amount of $350,000,000 in the 2000 bond act, for the purpose of financing library construction and renovation.

This bill would enact the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2014, for submission to the voters at the 2014 statewide general election. The bill, if approved by the voters, would authorize the issuance, pursuant to the State General Obligation Bond Law, of an unspecified amount of bonds for the purpose of financing library construction and renovation pursuant to a program administered by the State Librarian.


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

P2 1 SECTION 1. Chapter 12.5 (commencing with Section 20020)
2 is added to Part 11 of Division 1 of Title 1 of the Education Code,
3 to read:

4 CHAPTER 12.5. CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 2014
5
7
8
9 20020. This chapter shall be known, and may be cited, as the
10 California Reading and Literacy Improvement and Public Library
11 Construction and Renovation Bond Act of 2014.
12
13 20021. The Legislature finds and declares all of the following:

http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_1451-1500/sb_1455_bill_20140221_introduc... 2/27/2014
(a) Reading and literacy skills are fundamental to success in our economy and our society.

(b) Public libraries are a vital part of the educational system. They provide resources and services for all residents of California, including preschoolers, out-of-school adults, senior citizens, at-risk youth, and those attending schools at all levels.

(c) In many cases, libraries serve as a community's only public point of access to resources for learning and by extension, self-sufficiency.

(d) The construction and renovation of public library facilities is necessary to expand access to reading and literacy programs in the state public education system and to expand access to public library services for all residents of California.

(e) The need for library facilities continues to grow. A recent needs assessment compiled by the State Library found that there is a need for over ____ dollars ($____) in public library funding.

(f) In March 2000, California voters approved a bond measure of three hundred fifty million dollars ($350,000,000) for library construction and renovation.

(g) Due to the overwhelming response by applicants, the California Public Library Construction and Renovation Board was forced to deny approximately 75 percent of all applications due to lack of additional bond funding.

20022.

As used in this chapter, the following terms have the following meanings:

(a) "Board" means the California Public Library Construction and Renovation Board of 2014 established pursuant to Section 20023.

(b) "Committee" means the California Library Construction and Renovation Finance Committee established pursuant to Section 19972 and continued in existence pursuant to Section 20039 for purposes of this chapter.

(c) "Fund" means the California Public Library Construction and Renovation Fund of 2014 established pursuant to Section 20024.

20023.

(a) The California Public Library Construction and Renovation Board of 2014 is hereby established.

(b) The board is comprised of the State Librarian, the Treasurer, the Director of Finance, an Assembly Member appointed by the Speaker of the Assembly, a Senator appointed by the Senate Committee on Rules, and two members appointed by the Governor.

(c) Legislative members of the board shall meet with, and participate in, the work of the board to the extent that their participation is not incompatible with their duties as Members of the Legislature. For the purpose of this chapter, Members of the Legislature who are members of the board constitute a joint legislative committee on the subject matter of this chapter.

Article 2. Program Provisions

20024.
The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the California Public Library Construction and Renovation Fund of 2014, which is hereby established.

All moneys deposited in the fund, except as provided in Section 20049, are continuously appropriated to the State Librarian, notwithstanding Section 13340 of the Government Code, and are available for grants to any city, county, city and county, or library district that is authorized at the time of the project application to own and maintain a public library facility for the purposes set forth in Section 20026.

The grant funds authorized pursuant to Section 20025 and the matching funds provided pursuant to Section 20032 shall be used by the recipient for any of the following purposes:

(a) Acquisition or construction of new facilities or additions to existing public library facilities.
(b) Acquisition of land necessary for purposes of subdivision.
(c) Remodeling or rehabilitation of existing public library facilities or of other facilities for the purpose of their conversion to public library facilities. All remodeling and rehabilitation projects funded with grants authorized pursuant to this chapter shall include necessary upgrading of electrical and telecommunications systems to accommodate Internet and similar computer technology.
(d) Procurement or installation, or both, of furnishings and equipment required to make a facility fully operable if the procurement or installation is part of a construction or remodeling project funded pursuant to this chapter.
(e) Payment of fees charged by architects, engineers, and other professionals, whose services are required to plan or execute a project authorized pursuant to this chapter.
(f) Service charges if the services in question are required by the applicant jurisdiction to be provided by a public works or similar department, or by other departments providing professional services if the costs are billed directly to the project pursuant to this chapter.

Grant funds authorized pursuant to Section 20025, or matching funds provided pursuant to Section 20032, shall not be used by a recipient for any of the following purposes:

(a) Books and other library materials.
(b) Administrative costs of the project, including, but not limited to, the costs of any of the following:
   (1) Preparation of the grant application.
   (2) Procurement of matching funds.
   (3) Conduct of an election for obtaining voter approval of the project.
(c) Except as set forth in this chapter, including, but not limited to, Section 20047, interest or other carrying charges for financing the project, including, but not limited to, costs of loans or
lease-purchase agreements in excess of the direct costs of any of
the authorized purposes specified in Section 20026.
(d) Ongoing operating expenses for the facility, its personnel,
supplies or any other library operations.
20028.
All construction contracts for projects funded in part
through grants awarded pursuant to this chapter shall be awarded
through competitive bidding pursuant to Part 3 (commencing with
Section 20100) of Division 2 of the Public Contract Code.
20029.
This chapter shall be administered by the State
Librarian. The board shall adopt rules, regulations, and policies
for implementation of this chapter.
20030.
A city, county, city and county, or library district may
apply to the State Librarian for a grant pursuant to this chapter as
follows:
(a) Each application shall be for a project for a purpose
authorized by Section 20026.
(b) An application shall not be submitted for a project for which
construction bids already have been advertised.
(c) The applicant shall request not less than five hundred
thousand dollars ($500,000) per project.
20031.
In making the awards, the board shall consider
applications for construction or rehabilitation of public library
facilities submitted pursuant to Section 20030 and the funding
shall be allocated in the following manner:
(a) First priority shall be given to applications designated
"Outstanding" and deemed eligible by the State Librarian, that
were submitted but not funded in the third application cycle of the
California Reading and Literacy Improvement and Public Library
Construction and Renovation Bond Act of 2000. The total grant
amount awarded by the board for these eligible applications shall
not exceed one hundred fifty million dollars ($150,000,000).
(b) Until regulations are adopted pursuant to Section 20029,
regulations adopted pursuant to the California Reading and Literacy
Improvement and Public Library Construction and Renovation
Bond Act of 2000 (Chapter 12 (commencing with Section 19985))
govern the administration of this chapter, except that a maximum
of thirty million dollars ($30,000,000) instead of twenty million
dollars ($20,000,000) may be granted through allocations from
the fund for the applications from the third cycle of the California
Reading and Literacy Improvement and Public Library
(c) First priority applicants, as described in subdivision (a), shall
be allowed the opportunity to adjust their original application for
cost inflators since the application initially was filed with the State
Librarian, but adjustments shall not affect a change in the scope,
size, or quality of the project, nor shall the application exceed the
thirty million dollar ($30,000,000) allocation cap established in
Section 20032 for the fund.
(d) Funds not awarded for the third application cycle pursuant
to the California Reading and Literacy Improvement and Public
Library Construction and Renovation Bond Act of 2000 shall be
awarded on a competitive basis pursuant to this chapter.
(e) Except as set forth in paragraph (2), an amount of at least 5
percent of the total bond amount shall be made available for
joint-use projects that meet all of the following requirements:
(1) The joint-use project is with one or more public educational
institutions. For the purpose of this section, "public educational
institution" means any of the following:
(A) A school district maintaining any combination of educational
settings from kindergarten to grade 12, inclusive.
(B) A county office of education.
(C) A community college district.
(D) A campus of the California State University.
(E) A campus of the University of California.
(2) The public educational institution or institutions participating
as a joint-use partner or partners provide at least 50 percent of the
35 percent local matching funds required pursuant to subdivision
(a) of Section 20032.
(3) Consideration may be given to a proposed joint-use project
to be located in a low-income area.
(4) Consideration may be given to a proposed joint-use project
to be located in an area where public schools have low scores on
the Academic Performance Index.
(f) If, by June _____, 2016, the total dollar amount of all approved
applications for joint-use projects pursuant to this section exceeds
the total dollar amount made available for joint-use projects
pursuant to subdivision (e), joint-use projects also may be funded
from other funds available to the board pursuant to this chapter.
(g) If, by June _____, 2016, the total dollar amount of all
approved applications for joint-use projects pursuant to this section
is less than the total dollar amount made available for joint-use
projects pursuant to subdivision (e), any remaining funds under
subdivision (e) shall be made available for any other grants under
this chapter awarded on a competitive basis in the same manner
as set forth in subdivision (e).
(a) Each grant recipient shall provide matching funds
from any available source in an amount equal to 35 percent of the
costs of the project. The remaining 65 percent of the costs of the
project, up to a maximum of thirty million dollars ($30,000,000)
per project, shall be provided through allocations from the fund.
(b) Qualifying matching funds shall be cash expenditures in the
categories specified in Section 20026 that are made not earlier
than five years before the submission of the application to the State
Librarian. Except as otherwise provided in subdivision (c), in-kind
expenditures do not qualify as matching funds.
(c) Land donated or otherwise acquired for use as a site for the
facility, including, but not limited to, land purchased more than
five years before the submission of the application to the State
Librarian, may count towards the required 35 percent local fund
contribution at its appraised value as of the date of the application.
This subdivision does not apply to land acquired with funds
authorized pursuant to Part 68 (commencing with Section 100400),
Part 68.1 (commencing with Section 100600), Part 68.2 (commencing with Section 100800), or Part 69 (commencing with Section 101000), of Division 14 of Title 3.

(d) Expenditures for payment of architect fees for plans and drawings for library renovation and new construction, including, but not limited to, plans and drawings purchased more than five years before the submission of the application to the State Librarian, may count towards the required 35 percent local funds contribution.

20033.

(a) The estimated costs of a project for which an application is submitted shall be consistent with normal public construction costs in the geographic area of the applicant.

(b) An applicant wishing to construct a project having costs that exceed normal public construction costs in the area may apply for a grant in an amount not to exceed 65 percent of the normal costs up to a maximum of thirty million dollars ($30,000,000) per project if the applicant certifies that it is capable of financing the remainder of the project costs from other sources.

20034.

(a) After an application is approved by the board and included in the request of the State Librarian to the committee, the amount of the funding to be provided to the applicant shall not be increased. Actual changes in project costs are the responsibility of the applicant. If the amount of funding that is provided is greater than the cost of the project, the applicant shall return that amount of funding that exceeds the cost of the project to the fund. If an applicant is awarded funding by the board, but decides not to proceed with the project, the applicant shall return all of the funding to the fund.

(b) If the State Librarian determines that a grant recipient has not complied with the terms of its grant award or its grant award agreement with the State Library, the board may withdraw a grant award and award the funds previously granted to the recipient to other eligible applicants. The State Librarian shall notify the affected grant recipient at least 90 days before a board meeting where the withdrawal of a grant award will be considered.

20035.

(a) In reviewing applications, as part of establishing the priorities set forth in Section 20031, the board shall consider all of the following factors:

(1) The needs of urban, suburban, and rural areas.

(2) The age and condition of existing library facilities within an area.

(3) The degree to which existing library facilities are inadequate in meeting the needs of the residents in the library service area.

(4) The degree to which the proposed project responds to the needs of the residents in the library service area.

(5) The degree to which the library integrates appropriate electronic technologies into the proposed project.

(6) The financial commitment of the local agency submitting the application to open, operate, and maintain the proposed library project upon its completion.
(b) If, after an application has been submitted, material changes occur that would alter the evaluation of an application, the State Librarian may accept an additional written statement from the applicant for consideration by the board.

(a) A facility, or a part of a facility, acquired, constructed, remodeled, or rehabilitated with grants received pursuant to this chapter shall be dedicated to public library direct service use for a period of at least 20 years following completion of the project.

(b) The financial interest that the state may have in the land or facility, or both, resulting from the funding of a project under this chapter, as described in subdivision (a), may be transferred by the State Librarian through an exchange for a replacement site and facility acquired or constructed for the purpose of providing public library direct service.

(c) If the facility, or a part of the facility, acquired, constructed, remodeled, or rehabilitated with grants received pursuant to this chapter ceases to be used for public library direct service before the expiration of the period specified in subdivision (a), the board shall be entitled to recover from the grant recipient, or the successor of the recipient, an amount that bears the same ratio to the value of the facility, or appropriate part of the value of the facility, at the time it ceased to be used for public library direct service, as the amount of the original grant bore to the original cost of the facility, or to an appropriate part of the facility. For purposes of this subdivision, the value of the facility, or appropriate part of the facility, shall be determined by the mutual agreement of the board and the grant recipient or successor, or through an action brought for that purpose in the superior court.

(d) Notwithstanding subdivision (f) of Section 16724 of the Government Code, any money recovered pursuant to subdivision (c) shall be deposited in the fund, and shall be available for the purpose of awarding grants for other projects.


Bonds in the total amount not to exceed _____ dollars ($_____), exclusive of refunding bonds issued in accordance with Section 20045, or so much of refunding bonds as is necessary, may be issued and sold for deposit in the fund to be used in accordance with, and for carrying out the purposes expressed in, this chapter, including all acts amendatory of this chapter and supplementary to this chapter, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest on bonds as the principal and interest become due and payable.

The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State
General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter, except Section 16727 of the Government Code to the extent that it may be inconsistent with this chapter.

20039.

(a) For purposes of this chapter, the California Library Construction and Renovation Finance Committee established pursuant to Section 19972 is continued in existence and is the “committee” as that term is used in the State General Obligation Bond Law for purposes of this chapter.

(b) For purposes of the State General Obligation Bond Law, the California Public Library Construction and Renovation Board of 2014 established pursuant to Section 20023 is designated the board.

The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in this chapter, including all acts amendatory of this chapter and supplementary to this chapter, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

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

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

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

(b) The sum necessary to carry out Section 20043, appropriated without regard to fiscal years.

20043.

For purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized to be sold for purposes of carrying out this chapter. Amounts withdrawn shall be deposited in the fund. Money made available under this section shall be returned to the General Fund, with interest at the rate earned by the money in the Pooled Money Investment Account during the time the money was withdrawn from the General Fund pursuant to this section, from money received from the sale of bonds for purposes of carrying out this chapter.

http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_1451-1500/sb_1455_bill_20140221_intro... 2/27/2014
20044.
The board may request the Pooled Money Investment
Board to make a loan from the Pooled Money Investment Account
or any other approved form of interim financing, in accordance
with Section 16312 of the Government Code, for purposes of
carrying out this chapter. The amount of the request shall not
exceed the amount of the unsold bonds that the committee, by
resolution, has authorized to be sold for purposes of carrying out
this chapter. The board shall execute any documents required by
the Pooled Money Investment Board to obtain and repay the loan.
Any amounts loaned shall be deposited in the fund to be allocated
by the board in accordance with this chapter.
20045.
Bonds issued and sold pursuant to this chapter may be
refunded by the issuance of refunding bonds in accordance with
Article 6 (commencing with Section 16780) of Chapter 4 of Part
3 of Division 4 of Title 2 of the Government Code. Approval by
the electors of the state for the issuance of bonds under this chapter
shall include the approval of the issuance of any bonds issued to
refund bonds originally issued or previously issued refunding
bonds.
20046.
Notwithstanding any other provision of this chapter,
or of the State General Obligation Bond Law, if the Treasurer sells
bonds pursuant to this chapter that include a bond counsel opinion
as to the interest on the bonds is excluded from gross
income for federal tax purposes, subject to designated conditions,
the Treasurer may maintain separate accounts for the investment
of bond proceeds and for the investment earnings on those
proceeds. The Treasurer may use or direct the use of those proceeds
or earnings to pay a rebate, penalty, or other payment required
under federal law or take any other action with respect to the
investment and use of those bond proceeds required or desirable
under federal law to maintain the tax-exempt status of those bonds
and to obtain any other advantage under federal law on behalf of
the funds of this state.
20047.
All money deposited in the fund that is derived from
premium and accrued interest on bonds sold pursuant to this chapter
shall be reserved in the fund and shall be available for transfer to
the General Fund as a credit to expenditures for bond interest.
20048.
The Legislature hereby finds and declares that,
inasmuch as the proceeds from the sale of bonds authorized by
this chapter are not "proceeds of taxes" as that term is used in
Article XIII B of the California Constitution, the disbursement of
these proceeds is not subject to the limitations imposed by that
article.
20049.
Amounts deposited in the fund pursuant to this chapter
may be appropriated in the annual Budget Act to the State Librarian
for the actual amount of office, personnel, and other customary
and usual expenses incurred in the direct administration of grant
projects pursuant to this chapter, including, but not limited to,
expenses incurred by the State Librarian in providing technical
assistance to an applicant for a grant under this chapter.
SEC. 2.
(a) Section 1 of this act shall take effect upon the adoption by the voters of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2014, as set forth in Section 1 of this act.

(b) Section 1 of this act shall be submitted to the voters at the 2014 statewide general election in accordance with provisions of the Elections Code and the Government Code governing submission of statewide measures to voters.

SEC. 3.

(a) Notwithstanding any other law, all ballots of the election shall have printed on the ballot and in a square of the ballot, the words: "California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2014" and in the same square under those words, the following in 8-point type: "This act provides for a bond issue in an amount not to exceed a total of ___ dollars ($____) to provide funds for the construction and renovation of public library facilities in order to expand access to reading and literacy programs in California’s public education system and to expand access to public library services for all residents of California.” Opposite the square, there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against the act.

(b) If the voting in the election is done by means of voting machines used pursuant to law in the manner that carries out the intent of this section, the use of the voting machines and the expression of the voters’ choice by means of the voting machines are in compliance with this section.