

## CHAPTER \_\_\_\_\_

An act to add Section 6532 to the Government Code, relating to joint powers agencies.

## LEGISLATIVE COUNSEL'S DIGEST

SB 43, Alquist. Joint powers agencies: City of Santa Clara.

Under existing law, 2 or more public agencies may enter into an agreement to jointly exercise any power common to the contracting parties, as specified.

This bill would provide that the Santa Clara Stadium Authority, a joint powers agency formed by the City of Santa Clara and the Redevelopment Agency of the City of Santa Clara, has the authority to acquire, finance, construct, manage, maintain, and operate a stadium and related facilities suitable for use by a professional football team, in addition to the powers common to the city and the redevelopment agency. The bill prohibits the redevelopment agency from expending property tax increment revenues to operate or maintain the stadium.

This bill would authorize the Santa Clara Stadium Authority to let a design-build contract without utilizing a competitive bid process for the stadium construction project, if, among other requirements, a ballot measure endorsing the development of a stadium suitable for use by a professional football team is approved by voters in a citywide election, the design-build contract does not require expenditures from the general fund of the City of Santa Clara, and the design-build contract is not funded by contributions from the Redevelopment Agency of the City of Santa Clara or a community facilities district except as provided in the bill. The bill would provide that redevelopment agency funds and community facilities district funds may be used to fund subcontracts awarded pursuant to a competitive bidding process established by the joint powers agency.

This bill would provide that for state highway improvement projects deemed necessary by the Department of Transportation based on the construction and maintenance of the stadium, the department is the responsible agency for project development services, as specified.

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

SECTION 1. Section 6532 is added to the Government Code, to read:

6532. (a) The Legislature finds and declares that it is in the best interest of the communities located in and around the City of Santa Clara that a joint powers agency that includes the City of Santa Clara and the Redevelopment Agency of the City of Santa Clara formed to construct, operate, and maintain a stadium for use by a professional football team be authorized to let a sole source contract for the stadium construction project to a qualified design-build contractor. This authorization may enable that joint powers agency to contain costs, improve efficiency, and benefit from specialized expertise. Nothing in this section shall be construed to affect any contract relating to the development of the stadium between the joint powers agency and any private party other than a design-build contract awarded pursuant to this section.

(b) (1) Consistent with existing law, the City of Santa Clara and the Redevelopment Agency of the City of Santa Clara may enter into a joint powers agreement to create and operate a joint powers agency for the construction, operation, and maintenance of a stadium and related facilities located within the North Bayshore Redevelopment Project Area that are suitable for use by a professional football team. The joint powers agency created pursuant to this section shall be known as the Santa Clara Stadium Authority. In addition to, and without limitation on, any powers common to the City of Santa Clara and the Redevelopment Agency of the City of Santa Clara, the Santa Clara Stadium Authority shall have the power to acquire, finance, construct, manage, maintain, and operate a stadium and related facilities suitable for use by a professional football team.

(2) Notwithstanding paragraph (1), the Santa Clara Stadium Authority and the Redevelopment Agency of the City of Santa Clara shall not expend any property tax increment revenues allocated to the redevelopment agency pursuant to Section 33670 of the Health and Safety Code to operate or maintain a stadium within the North Bayshore Redevelopment Project Area.

(c) (1) Notwithstanding any other provision of law, and subject to subdivision (d), the Santa Clara Stadium Authority may award a design-build contract to a qualified design-build contractor to

construct the stadium without utilizing an otherwise applicable competitive bid process, provided that all of the following have occurred:

(A) A ballot measure endorsing the development of a stadium suitable for use by a professional football team is approved by voters in the City of Santa Clara in a citywide election.

(B) The governing body of the Santa Clara Stadium Authority determines that the cost of the contract is reasonable.

(C) The governing body of the Santa Clara Stadium Authority determines that the award of the contract is in its best interest.

(2) The contract awarded to the qualified design-build contractor pursuant to paragraph (1) shall not be funded, either through direct payment or reimbursement, using funds contributed by the Redevelopment Agency of the City of Santa Clara or by a community facilities district established under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5), except that these funds may be used to pay for or reimburse for subcontract work pursuant to subcontracts awarded by the design-build contractor to the lowest responsible bidder as provided in subdivision (e).

(d) The Santa Clara Stadium Authority shall not award a design-build contract pursuant to subdivision (c) unless all of the following conditions are met:

(1) The design-build contract does not require expenditure of money from the general fund or enterprise funds of the City of Santa Clara.

(2) The obligation of the Redevelopment Agency of the City of Santa Clara to contribute funding is limited to a specified maximum amount, exclusive of debt service and other related financing costs, and these funds are used only to pay for or reimburse for subcontract work pursuant to subcontracts awarded by the design-build contractor to the lowest responsible bidder as provided in subdivision (e). Nothing in this subdivision modifies the requirements and limitations set forth in the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code) with respect to the financial obligations of the Redevelopment Agency of the City of Santa Clara to the joint powers agency.

(3) A private party will be responsible for any construction cost overruns.

(e) If the Santa Clara Stadium Authority awards a design-build contract pursuant to this section, it shall establish a competitive bid process for awarding subcontracts, and it shall require the design-build contractor to award subcontracts using this process. This competitive bid process shall provide that subcontracts be awarded using either the lowest responsible bidder or by best value, as defined in Section 20133 of the Public Contract Code. Subcontracts awarded on the basis of best value shall not be funded, either through direct payment or reimbursement, using funds contributed by the Redevelopment Agency of the City of Santa Clara or by a community facilities district established under the Mello-Roos Community Facilities Act of 1982 (Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5). Funds contributed by the Redevelopment Agency of the City of Santa Clara or a community facilities district may be used only to fund subcontracts awarded to the lowest responsible bidder in a manner consistent with the process applicable to the City of Santa Clara under its charter.

(f) Notwithstanding Section 3248 of the Civil Code, for design-build contracts awarded pursuant to this section, the Santa Clara Stadium Authority may specify that the payment bond shall be in a sum not less than one-half of the contract price or three hundred million dollars (\$300,000,000), whichever is less.

(g) If the Santa Clara Stadium Authority elects to proceed under this section and uses the design-build method to construct a stadium suitable for use by a professional football team, it shall submit to the Legislative Analyst's Office, within six months following the completion of construction of the stadium, a report regarding the project that shall include, but shall not be limited to, all of the following information:

- (1) A brief description of the 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) A description of the method used to award the contract. If best value, as defined in Section 20133 of the Public Contract Code, 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.

(h) It is not the intent of the Legislature, under the provisions of this section, to authorize design-build for other infrastructure, including, but not limited to, streets and highways, public rail transit, or water resource facilities and infrastructure not located on the stadium site or adjacent city streets and property.

(i) If the construction and operation or maintenance of a stadium as contemplated by this section is deemed by the Department of Transportation under otherwise applicable law to require improvements on the state highway system, all of the following provisions shall apply:

(1) Notwithstanding any other provision of this section, for any project on the state highway system deemed necessary by the department due to the construction, operation, or maintenance of the stadium as contemplated by this section, the department is the responsible agency for the performance of project development services, including performance specifications, preliminary engineering, prebid services, the preparation of project reports and environmental documents, project design, and construction inspection services. The department is also the responsible agency for the preparation of documents that may include, but need not be limited to, the size, type, and desired design character of the project, performance specifications covering quality of materials, equipment, and workmanship, preliminary and final plans and specifications, and any other information deemed necessary to design and construct a project that meets the needs of the department.

(2) The department may use department employees or consultants to perform these services, consistent with Article XXII of the California Constitution. Department resources, including personnel requirements necessary for the performance of those services, shall be included in the department's capital outlay support program for workload purposes in the annual Budget Act.

(j) The provisions of this section are severable. If any provision of this section or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect

without the invalid provision or application. Except as provided in this section, nothing in this section shall be construed to affect the application of any other law.

SEC. 2. The Legislature finds and declares that Section 1 of this act, that adds Section 6532 to the Government Code, is a special law which is necessary because a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the City of Santa Clara. In that respect, the construction, operation, and maintenance of a stadium for use by a professional football team may enhance employment opportunities in and around the City of Santa Clara and the south bay area.

Approved \_\_\_\_\_, 2009

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*Governor*