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# SENATE COMMITTEE ON EDUCATION

Senator Carol Liu, Chair  
2015 - 2016 Regular

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**Bill No:** AB 1260  
**Author:** Thurmond  
**Version:** July 1, 2015  
**Urgency:** No  
**Consultant:** Kathleen Chavira  
**Hearing Date:** July 8, 2015  
**Fiscal:** Yes

**Subject:** Joint Exercise of Powers Act

**NOTE:** This bill has been referred to the Committee on Education and the Committee on Governance and Finance. A "do pass" motion should include referral to the Committee on Governance and Finance.

## SUMMARY

This bill authorizes the University of California (UC) to enter into a joint powers agreement with the City of Richmond, or an enhanced infrastructure financing a district created by the City of Richmond, for financing infrastructure and other improvements within the area of the South Shoreline Specific Plan and the Berkeley Global Campus at Richmond Bay, if the agreement includes specified provisions benefitting the local community.

## BACKGROUND

Existing law:

- 1) Establishes UC as a public trust and confers the full powers of the UC upon the UC Regents. The Constitution establishes that the UC is subject to legislative control only to the degree necessary to ensure the security of its funds and compliance with the terms of its endowments. Judicial decisions have held that there are three additional areas in which there may be limited legislative intrusion into university operations: 1) authority over the appropriation of state moneys; 2) exercise of the general police power to provide for the public health, safety and welfare; and, 3) legislation on matters of general statewide concern not involving internal university affairs. (Constitution of California, Article IX, Section 9)
- 2) Authorizes, under the Joint Exercise of Powers Act, two or more public agencies (i.e. federal government, any state, any state department or agency, county, county board of education, county superintendent of schools, city, public corporation, public district, and regional transportation commission in any state) to enter into a Joint Powers Authority (JPA) to jointly exercise any power common to the contracting parties, as specified, if authorized by their legislative or other governing bodies. (Government Code § 6502)
- 3) Establishes the California Infrastructure and Economic Development Bank (IBank) to finance public infrastructure and private development that promote a healthy climate for jobs, contribute to a strong economy and improve the quality of life in California communities. IBank has broad authority to issue tax-exempt and taxable revenue

bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds.  
(Government Code § 63000, et seq.)

- 4) Defines an “enhanced infrastructure financing district” as a legally constituted governmental entity separate and distinct from the city or county that established it for the sole purpose of financing public facilities or other projects, (Government Code § 53398.50) and, upon its creation, requires preparation and adoption of an infrastructure financing plan consistent with the general plan of the city or county within which the district is located. The plan is required to include, among other things, the date on which the district will cease to exist, by which time all tax allocation to the district will end, and provides that the date be no more than 45 years from the date on which bond or loan issuances for project financing are approved by a 55 percent of the voters that reside within the district or approved by the governing board of a local agency pursuant to specified provisions of the Government Code. (Government Code § 53398.63)

## ANALYSIS

This bill:

- 1) Authorizes the University of California (UC) to enter into a joint powers agreement with the City of Richmond, or an enhanced infrastructure financing district created by the City of Richmond, for financing infrastructure and other improvements within the area of the South Shoreline Specific Plan and the Berkeley Global Campus at Richmond Bay if the agreement includes all the following provisions:
  - a) Creation of an Anti-Displacement Fund allocated for construction of affordable housing.
  - b) Vocational training programs for residents of the City of Richmond.
  - c) A policy that wages paid on the Richmond Global Campus be at least 30 percent above the minimum wage.
  - d) An agreement with the Contra Costa Building and Construction Trades Council to provide for compensation and working conditions of employees engaged in construction of the Richmond Global Campus.
  - e) An agreement that all Richmond Global Campus jobs comparable to jobs performed at the UC Berkeley campus will be employed under the same terms and conditions as UC Berkeley employment.
  - f) Creation of a Youth Opportunity and Education fund.
  - g) A policy providing preferential procurement opportunities for small businesses located in the City of Richmond.
  - h) Provisions for local hire requirements.

- 2) Requires, if such a Joint Powers Authority (JPA) is formed, that:
  - a) The area of the South Shoreline Specific Plan and the Berkeley Global Campus be deemed a disadvantaged community for purposes of the Greenhouse Gas Reduction Fund Investment Plan and Communities Revitalization Act.
  - b) The date on which the financing district created by the JPA ceases to exist, and all tax allocations end, be no more than 55 years, (rather than 45 years as required under current law) from the date that bond or loan issuances for project financing are approved by the local agency governing board.
- 3) Requires that a loan issued to the City of Richmond or the enhanced financing district by the California Infrastructure and Economic Development Bank (IBank) be interest free.

### STAFF COMMENTS

- 1) ***Need for the bill.*** This bill is focused on two development projects under consideration, the South Shoreline Specific Area and the Berkeley Global Campus at Richmond Bay. According to the author, the goal of the bill is to ensure that the City of Richmond and UC Berkeley work together on the two projects keeping the Richmond community's best interest as a center point for collaboration.
- 2) ***Is this bill necessary?*** This bill authorizes the City of Richmond and the University of California (UC) to enter into a JPA, as specified. Current law already authorizes two or more public agencies to enter into a JPA. According to the UC, UC Berkeley is already working with the City of Richmond and the local community through the Richmond Community Partnership Working Group to ensure the project meets the needs of the campus and the local community. The committee may wish to clarify what this bill accomplishes that is not already being negotiated at the local level.
- 3) ***Unintended consequences?*** This bill, among other things, would statutorily establish the elements of a JPA between a city and the UC. The UC reports that the proposed campus is many years from potential groundbreaking. According to the UC the Working Group is jointly developing actionable recommendations for this project relative to education, employment, procurement and workforce training in Richmond. It is unclear whether the provisions of this bill are consistent with the recommendations expected to emerge from the yearlong efforts of the Working Group. Would these provisions undermine the willingness of the UC to enter into a JPA with the City of Richmond and the ultimate success of this project?
- 4) ***Double-referral.*** This bill authorizes an enhanced infrastructure financing district to be created by the City of Richmond and deems it to be a "disadvantaged community" for the purposes of accessing specified funds. It also requires that any loans made to the district by the IBank carry a zero percent interest rate. This bill has been double-referred to the Senate Committee on Governance and Finance which has jurisdiction over state and local government revenue mechanisms, and can more appropriately consider these provisions.

**SUPPORT**

None received.

**OPPOSITION**

Air Conditioning Trade Association  
Associated Builders and Contractors of California  
Associated Builders and Contractors of California – San Diego Chapter  
Plumbing-Hearing-Cooling Contractors Association of California  
University of California  
Western Electrical Contractors Association

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