

TO: Chair and Members

DATE: July 10, 2014

**SUBJECT: Senate Bill 81 Round Two 2007 Local
Youthful Offender Rehabilitative Facilities
Construction Financing Program Emergency
Regulations - Amendment to Title 15 Regulations
and Update on the Request for Proposals (RFP).
Requesting Approval.**

AGENDA ITEM: E

**ACTION: X
INFORMATION:**

**RESOURCE PERSON: Allison Ganter
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Summary:

On August 24, 2007, Senate Bill 81 (Chapter 175, Statutes of 2007) became law, authorizing state lease-revenue bond financing for the acquisition, design, renovation, or construction of local youthful offender rehabilitative facilities.

The need for immediate action resides in the passage of several amendments to the statutes enacted in the original Senate Bill 81, and the stipulation that local youthful offender rehabilitative facility projects must commence before June 30, 2017. Thirteen local youthful offender rehabilitative projects were conditionally awarded financing; two have been completed, and the remaining projects are in various stages of State Public Works Board processes. \$79.2M remains for finance through Senate Bill 81 Round Two. In order to continue with existing local youthful offender rehabilitative facility projects, maintain consistency with enabling legislation and release the Senate Bill 81 Round Two Request for Proposals (RFP) in a timely manner, it is necessary to update related Title 15 regulations. Delays in project schedules can add significant unanticipated costs to projects currently underway.

This agenda item seeks Board approval of draft regulation revisions (attached) and permission to submit an Emergency Rulemaking Action with the Office of Administrative Law (OAL). Submitting an Emergency Rulemaking Action will ensure that timelines for local youthful offender rehabilitative facilities remain intact.

Background:

Senate Bill 81 (Chapter 175, Statutes of 2007) authorized \$100M state lease-revenue bond financing for the acquisition, design, renovation, or construction of local youthful offender rehabilitative facilities. Assembly Bill 1628(Chapter 729, Statutes of 2010) added \$200 million in financing. Conditional awards were made to thirteen counties; two projects have been completed and several are active in the State Public Works Board process.

The Senate Bill 81 Round Two Executive Steering Committee has met several times and has outlined the proposal rating criteria for awarding the remaining \$79.2M in lease-revenue bond financing and has drafted a Request for Proposals (RFP). BSCC staff plans to release the draft RFP

for a 10-day public comment period likely to begin within the next week. Once public comments have been reviewed and appropriately responded to, the RFP will be reviewed by state partners (Department of Finance and Department of General Services) for technical accuracy with lease-revenue bond financing procedures. The RFP will be released September 12, 2014; proposals will be due to the BSCC by December 19, 2014.

To maintain consistency with the enabling legislation and RFP, maintain current Senate Bill 81 projects and adhere to the timeline for Senate Bill 81 Round Two financing, the original Title 15 regulations must be updated (see attached draft regulations). Upon Board approval, BSCC staff will file an Emergency Rulemaking Action with the Office of Administrative Law (OAL). After a brief public review period, regulations will be effective within 10 working days of OAL's review and filing with the Secretary of State.

Recommendation/Action Needed:

Staff recommends:

1. The Board determine that the proposed regulations are necessary to address an emergency as defined in Government Code section 11342.545¹.
2. The Board approve the draft emergency adoptions and amendments to the regulations.
3. The Board approve the filing of an Emergency Rulemaking Action with the Office of Administrative Law.

Attachment:

A. DRAFT of Title 15, Division 1, Chapter 1, Subchapter 7, Local Youthful Offender Rehabilitative Facility Construction Financing Program Minimum Standards

¹ Section 11342.545 of the Government Code states: "Emergency" means a situation that calls for immediate action to avoid serious harm to the public peace, health, safety, or general welfare."