

AMENDED IN SENATE AUGUST 22, 2014

AMENDED IN SENATE AUGUST 5, 2014

AMENDED IN ASSEMBLY MAY 23, 2014

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1656

Introduced by Assembly Member Dickinson

February 11, 2014

An act to add Section 14669.16 to the Government Code, relating to the Department of General Services.

LEGISLATIVE COUNSEL'S DIGEST

AB 1656, as amended, Dickinson. Department of General Services: ~~State Board of Equalization headquarters~~ *State buildings*.

Existing law creates the Department of General Services to provide centralized services, including, but not limited to, planning, acquisition, construction, and maintenance of state buildings and property, purchasing, printing, architectural services, administrative hearings, and accounting services. Existing law provides that the department is under the control of an executive officer known as the Director of General Services.

~~This bill would authorize the department, in consultation with the State Board of Equalization (BOE), to enter into one or more agreements for the planning, design, construction, and acquisition of facilities, including any improvements, betterments, and related facilities, and to enter into one or more agreements to acquire, construct, purchase, lease-purchase, or may enter into a lease with an option to purchase,~~

~~for the relocation and consolidation of the BOE according to specific conditions. The bill would require the department to determine whether it is in the best interest of the state to sell, lease to other tenants, or exchange the current BOE headquarters property and to notify the chairs of the fiscal committees of the Legislature and the Joint Legislative Budget Committee, or their designees, of the most cost-effective option. The bill also would authorize the State Public Works Board to issue revenue bonds, negotiable notes, or negotiable bond anticipation notes to finance the acquisition of land and facilities for the headquarters, and would permit the State Public Works Board and the department to borrow funds for project costs from the Pooled Money Investment Account, as specified. The bill would require the department to be reimbursed for the cost of entering into these agreements or leases in an amount not to exceed \$3,000,000 from a loan of funds in the Architecture Revolving Fund, as specified. The bill also would authorize the BOE to relocate and consolidate its offices without obligation to pay rent on the existing state-owned or state-leased facilities after they are vacated.~~ *require, by July 1, 2015, the Department of General Services to complete a long-range planning study of the state-controlled and owned office buildings in the County of Sacramento and the City of West Sacramento, including the headquarters of the State Board of Equalization (BOE), for the management of the state's space needs in the Sacramento region, as specified. The bill would require the Director of General Services to issue one or more requests for proposals for the planning, design, construction, and acquisition of facilities recommended by the Legislature based on the planning study.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. The Legislature hereby finds and declares all of
- 2 the following:
- 3 (a) ~~Located in the City of Sacramento, the state owns~~
- 4 ~~approximately 2.50 acres of real property on one city block~~
- 5 ~~bounded by N Street on the north, 5th Street on the east, O Street~~
- 6 ~~on the south, and 4th Street on the west, that is the State Board of~~
- 7 ~~Equalization's current state-owned headquarters. The state-owned~~
- 8 ~~facility is a 24-story building that contains approximately 616,000~~
- 9 ~~gross square feet, with 463,000 usable square feet of office space.~~

1 The ground floor contains a full-service cafeteria and a child care
2 center. The state-owned facility also includes a three-story parking
3 structure with 711 spaces.

4 (b) The State Board of Equalization collects taxes and fees that
5 provide approximately 35 percent of the annual revenue for state
6 government and essential funding for cities, counties, and special
7 districts. In the 2012–13 fiscal year, the State Board of
8 Equalization-administered tax and fee programs produced \$56
9 billion for education, public safety, transportation, housing, health
10 services, social services, and natural resource management.

11 (c) The current State Board of Equalization headquarters
12 building lacks sufficient space to meet the State Board of
13 Equalization’s existing and future consolidated space needs.

14 (d) The state has expended approximately \$65 million in
15 taxpayer dollars over the last decade to make repairs to the State
16 Board of Equalization building. The State plans to spend another
17 \$30 million or more to address new issues with the building.

18 (e) Consolidating the various State Board of Equalization
19 headquarters and annexes into one location will greatly facilitate
20 and improve the efficiency of the administrative operations of the
21 agency.

22 (f) Allowing the State Board of Equalization to move out of the
23 real property described in subdivision (b) permanently and to
24 consolidate its operations into one location will accommodate
25 future growth as part of its revenue-administrative mission.

26 (a) *The Department of General Services operates and manages*
27 *34 state-controlled and owned office buildings totaling over*
28 *8,000,000 net square feet in the County of Sacramento and the*
29 *City of West Sacramento. At least 4,000,000 gross square feet*
30 *located in 21 buildings are over 40 years old, many of which have*
31 *antiquated systems and will eventually experience failure and for*
32 *which replacement parts will not exist in the future. The state has*
33 *been repairing and replacing critical building systems when*
34 *necessary, but for some of the older buildings, this approach to*
35 *handling building deficiencies is no longer sufficient.*

36 (b) *Therefore, it is the intent of the Legislature that the*
37 *Department of General Services perform a study developing a*
38 *long-range plan for the Sacramento region. The 2014 Budget Act*
39 *appropriated funding in the amount of \$2.5 million to the*
40 *Department of General Services for this purpose. This study will*

1 *determine the best course of action to address the state’s*
 2 *infrastructure deficiencies and space needs within the region, while*
 3 *focusing on long-term asset management. In addition to developing*
 4 *a long-range plan for the Sacramento Region, the study will also*
 5 *serve as the framework to develop the recommendations and*
 6 *detailed cost and scope information necessary for future budget*
 7 *proposals.*

8 SEC. 2. Section 14669.16 is added to the Government Code,
 9 to read:

10 ~~14669.16. (a) For purposes of this section, the “Sacramento~~
 11 ~~property” means the 2.50 acres of real property, owned by the state~~
 12 ~~and located in the City of Sacramento, on one city block bounded~~
 13 ~~by N Street on the north, 5th Street on the east, O Street on the~~
 14 ~~south, and 4th Street on the west, that is the State Board of~~
 15 ~~Equalization’s current state-owned headquarters.~~

16 ~~(b) (1) Notwithstanding any other law, the Department of~~
 17 ~~General Services, in consultation with the State Board of~~
 18 ~~Equalization, may enter into one or more agreements for the~~
 19 ~~planning, design, construction, and acquisition of facilities,~~
 20 ~~including any improvements, betterments, and related facilities,~~
 21 ~~for the relocation of the State Board of Equalization in the~~
 22 ~~Sacramento region. The Department of General Services may enter~~
 23 ~~into one or more agreements to acquire, construct, purchase,~~
 24 ~~lease-purchase, or may enter into a lease with an option to purchase,~~
 25 ~~to provide usable office and related space in the Sacramento region~~
 26 ~~in order to consolidate various departments of the State Board of~~
 27 ~~Equalization into a single location.~~

28 *14669.16. (a) The Department of General Services shall, by*
 29 *July 1, 2015, complete a long-range planning study of the*
 30 *state-controlled and owned office buildings in the County of*
 31 *Sacramento and the City of West Sacramento, including the Board*
 32 *of Equalization’s headquarters, for the management of the state’s*
 33 *space needs in the Sacramento region.*

34 *(b) The planning study shall contain, but is not limited to, the*
 35 *following:*

36 *(1) Evaluation of the overall state facility needs in the*
 37 *Sacramento region, including the capacity of currently owned and*
 38 *leased space.*

1 (2) *Evaluation of each building including, but not limited to,*
2 *condition, age, building use, and the extent that it meets the*
3 *business needs and location of the state entity occupying the space.*

4 (3) *The impact the building's age and design has on potential*
5 *reconfiguration and consolidation for state needs.*

6 (4) *The viability of antiquated building infrastructure systems,*
7 *including the present and probable future availability of*
8 *replacement parts for the systems in the buildings.*

9 (5) *Evaluation of office buildings in need of major repairs or*
10 *renovations to correct deficiencies, including estimated costs for*
11 *fire and life safety, accessibility, seismic safety, and other building*
12 *code compliance issues, and known existence of encapsulated*
13 *hazardous materials and lead-based paint.*

14 (6) *Other considerations deemed appropriate by the Department*
15 *of General Services, in consultation with the state entity occupying*
16 *the building, may be included.*

17 (7) *The development of a logical sequencing plan for renovation,*
18 *replacement, or both, of existing state office buildings and new*
19 *office development in the Sacramento region to guide the state*
20 *over the next 25 years.*

21 (c) *The findings in this long-range planning study shall be used*
22 *as the basis for recommendations and developing detailed cost*
23 *and scope information to be considered in future budget proposals.*

24 (d) *Beginning with the three buildings with the most significant*
25 *and immediate renovation or replacement needs, including highest*
26 *cost of total maintenance and repair to usable space, and other*
27 *related costs identified in the long-range planning study, the*
28 *Director of General Services shall issue one or more requests for*
29 *proposals for the planning, design, construction, and acquisition*
30 *of facilities that have been recommended by the Legislature based*
31 *on the planning study completed under this section. The Director*
32 *of General Services shall issue the requests for proposals within*
33 *12 months of the Legislature making the recommendation described*
34 *in this subdivision.*

35 ~~(2) The Department of General Services shall solicit and accept~~
36 ~~proposals for acquiring or constructing consolidated facilities for~~
37 ~~the State Board of Equalization on the basis of the best value. For~~
38 ~~purposes of this paragraph, "best value" means a value determined~~
39 ~~by objective criteria, including, but not limited to, price, features,~~

1 functions, life-cycle costs, experience, and other criteria deemed
2 appropriate by the department.

3 ~~(3) The Department of General Services shall develop the terms~~
4 ~~and conditions of the agreements or leases authorized by paragraph~~
5 ~~(1) no later than December 31, 2015.~~

6 ~~(4) The acquisition of a new facility and sale of the existing~~
7 ~~facility may be handled separately or combined into one proposal.~~
8 ~~The Department of General Services may solicit and accept~~
9 ~~proposals and may enter into one or more agreements for the sale,~~
10 ~~exchange, lease, rehabilitation, or any combination thereof, of all~~
11 ~~or a portion of the Sacramento property for the purpose of~~
12 ~~providing office space to one or more entities.~~

13 ~~(e) The Department of General Services shall provide notice of~~
14 ~~the terms and conditions of the proposed agreements or leases to~~
15 ~~the chairs of the fiscal committees of the Legislature and the Joint~~
16 ~~Legislative Budget Committee, or their designees, at least 45 days~~
17 ~~prior to executing the agreement for a lease-purchase or lease with~~
18 ~~an option to purchase real property authorized by this section. The~~
19 ~~department may proceed with the agreement or lease 45 days~~
20 ~~following the date the department gave notice to the~~
21 ~~above-mentioned chairs.~~

22 ~~(d) The department shall determine whether it is in the best~~
23 ~~interest of the state to sell, to lease to other tenants, or to exchange~~
24 ~~the Sacramento property. The department shall notify the chairs~~
25 ~~of the fiscal committees of the Legislature and the Joint Legislative~~
26 ~~Budget Committee, or their designees, of the most cost-effective~~
27 ~~option for the state.~~

28 ~~(e) (1) Upon the Department of General Services making the~~
29 ~~determination specified in subdivision (d) that the Sacramento~~
30 ~~property should be either sold or leased to another tenant, the~~
31 ~~department may sell, exchange, lease, or any combination thereof,~~
32 ~~all or a portion of the Sacramento property. Upon sale, exchange,~~
33 ~~or lease of the Sacramento property, and subject to the requirements~~
34 ~~of Section 9 of Article III of the California Constitution, the~~
35 ~~Department of General Services shall make an early payoff of the~~
36 ~~total outstanding lease revenue bonds on the Sacramento property,~~
37 ~~including accrued interest and any other obligations associated~~
38 ~~with the Sacramento property, using the revenues resulting from~~
39 ~~any sale, exchange, or lease.~~

1 ~~(2) (A) If the Department of General Services sells the~~
2 ~~Sacramento property and the sale constitutes a sale of surplus state~~
3 ~~property for purposes of Section 9 of Article III of the California~~
4 ~~Constitution, the “proceeds from the sale” for purposes of that~~
5 ~~section shall be the revenues from the sale in excess of the amount~~
6 ~~necessary to satisfy the total outstanding bonds on the Sacramento~~
7 ~~property, as required by paragraph (1).~~

8 ~~(B) In order to facilitate the sale of the Sacramento property,~~
9 ~~the Department of General Services and the State Public Works~~
10 ~~Board may borrow from the General Fund an amount necessary~~
11 ~~to satisfy the total outstanding bonds. Any amounts loaned pursuant~~
12 ~~to this subparagraph shall be repaid from the proceeds of the sale~~
13 ~~of the Sacramento property.~~

14 ~~(f) (1) The State Public Works Board may issue revenue bonds,~~
15 ~~negotiable notes, or negotiable bond anticipation notes pursuant~~
16 ~~to Chapter 5 (commencing with Section 15830) of Part 10b of~~
17 ~~Division 3 of Title 2 to finance the acquisition of land and facilities~~
18 ~~authorized in subdivision (b). The State Public Works Board and~~
19 ~~the Department of General Services may borrow funds for project~~
20 ~~costs from the Pooled Money Investment Account pursuant to~~
21 ~~Sections 16312 and 16313. If the bonds authorized by the project~~
22 ~~are not sold, the Department of General Services shall commit a~~
23 ~~sufficient amount of its support appropriation to repay any loans~~
24 ~~made for the project from the Pooled Money Investment Account.~~
25 ~~It is the intent of the Legislature that this commitment be included~~
26 ~~in future budget acts until outstanding loans from the Pooled~~
27 ~~Money Investment Account are repaid either through the proceeds~~
28 ~~from the sale of bonds or from an appropriation.~~

29 ~~(2) The amount of revenue bonds, negotiable notes, or negotiable~~
30 ~~bond anticipation notes to be sold may equal, but shall not exceed~~
31 ~~the cost of acquisition, including land, construction, preliminary~~
32 ~~plans and working drawings, construction management and~~
33 ~~supervision, other costs relating to the design and construction of~~
34 ~~the facilities, and any additional sums to pay interim and permanent~~
35 ~~financing costs and costs to issue these bonds. The additional~~
36 ~~amount may include interest and a reasonable required reserve~~
37 ~~fund.~~

38 ~~(3) Notwithstanding Section 13332.11, the State Public Works~~
39 ~~Board may authorize the augmentation of the amount authorized~~

1 pursuant to this subdivision by up to, but not exceeding, 10 percent
2 of the amount specifically authorized.

3 ~~(g) The Department of General Services shall be reimbursed~~
4 ~~for the department’s costs pursuant to subdivision (b), in an amount~~
5 ~~not to exceed three million dollars (\$3,000,000), from a loan of~~
6 ~~funds that are continuously appropriated pursuant to Section 14957~~
7 ~~and deposited into the Architecture Revolving Fund for repairs to~~
8 ~~the State Board of Equalization’s headquarters building located at~~
9 ~~450 N Street in the City of Sacramento. Any amounts loaned~~
10 ~~pursuant to this subdivision shall be repaid from the State Board~~
11 ~~of Equalization’s operating funds within five years from the date~~
12 ~~those funds were borrowed. Interest charges shall be waived~~
13 ~~pursuant to subdivision (e) of Section 16314.~~

14 ~~(h) Notwithstanding subdivision (c) of Section 14682, the State~~
15 ~~Board of Equalization is authorized to relocate its offices from~~
16 ~~existing state-owned or state-leased facilities for the purpose of~~
17 ~~consolidating the State Board of Equalization headquarters and~~
18 ~~annexes into a single location without any obligation to pay rent~~
19 ~~on those facilities after vacating such premises.~~

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21

22 **CORRECTIONS:**

23 **Digest—Pages 1 and 2.**

24 **Text—Pages 3 and 4.**

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