

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. *Services: State Board of Equalization headquarters.*

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 of General Services is under the control of an executive officer known as the Director of General Services.

~~This bill would state that it is the intent of the Legislature to enact legislation to authorize the Director of General Services, with the consent of the State Board of Equalization, to enter into one or more agreements for the planning, design, construction, and acquisition of facilities, including any improvements, betterments, and related facilities, for the relocation and consolidation of the State Board of Equalization.~~

This bill would authorize the Director of General Services, with the consent of the State Board of Equalization, 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 a lease, lease-purchase, or a lease with an option to purchase, for the relocation and consolidation of the State Board of Equalization, according to specific conditions. This bill also would authorize the State Board of Equalization to relocate and consolidate its offices without obligation to pay rent on the existing state-owned or state-leased facilities after they are vacated.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-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 useable square feet of office space.*
- 10 *The ground floor contains a full-service cafeteria and a childcare*
- 11 *center. The state-owned facility also includes a three-story parking*
- 12 *structure with 711 spaces.*
- 13 (b) *The State Board of Equalization collects taxes and fees that*
- 14 *provide approximately 35 percent of the annual revenue for state*
- 15 *government and essential funding for cities, counties, and special*
- 16 *districts. In the 2012–13 fiscal year, the State Board of*
- 17 *Equalization-administered tax and fee programs produced \$56*
- 18 *billion for education, public safety, transportation, housing, health*
- 19 *services, social services, and natural resource management.*
- 20 (c) *The current State Board of Equalization headquarters*
- 21 *building lacks sufficient space to meet the State Board of*
- 22 *Equalization’s existing and future consolidated space needs.*
- 23 (d) *The state has expended approximately \$65 million in*
- 24 *taxpayer dollars over the last decade to make repairs to the State*
- 25 *Board of Equalization building. The State plans to spend another*
- 26 *\$30 million or more to address new issues with the building.*
- 27 (e) *Consolidating the various State Board of Equalization*
- 28 *headquarters and annexes into one location will greatly facilitate*

1 *and improve the efficiency of the administrative operations of the*
2 *agency.*

3 *(f) Allowing the State Board of Equalization to move out of the*
4 *real property described in subdivision (a) permanently and to*
5 *consolidate its operations into one location will accommodate*
6 *future growth as part of its revenue-administrative mission.*

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

9 *14669.16. (a) For purposes of this section, the “Sacramento*
10 *property” means the 2.50 acres of real property, owned by the*
11 *state and located in the City of Sacramento, on one city block*
12 *bounded by N Street on the north, 5th Street on the east, O Street*
13 *on the south, and 4th Street on the west, that is the State Board of*
14 *Equalization’s current state-owned headquarters.*

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

26 *(2) The Department of General Services shall undertake and*
27 *complete a site selection for the purposes of relocating and*
28 *consolidating the State Board of Equalization’s headquarters and*
29 *annexes in the Sacramento region no later than June 30, 2015.*

30 *(3) The department shall solicit and accept proposals for*
31 *acquiring or constructing consolidated facilities for the State Board*
32 *of Equalization on the basis of the best value. For purposes of this*
33 *paragraph, “best value” means a value determined by objective*
34 *criteria, including, but not limited to, price, features, functions,*
35 *life-cycle costs, experience, and other criteria deemed appropriate*
36 *by the department.*

37 *(4) The department shall develop the terms and conditions of*
38 *the agreements or leases authorized by paragraph (1) no later*
39 *than December 31, 2015.*

1 (5) *In connection with the selection and acquisition of a lease,*
2 *lease-purchase, or a lease with an option to purchase, the*
3 *department may solicit and accept proposals for the sale, exchange,*
4 *lease, rehabilitation, or any combination thereof, of all or a portion*
5 *of the Sacramento property.*

6 (c) *The department shall provide notice of the terms and*
7 *conditions of the proposed agreements or leases to the chairs of*
8 *the fiscal committees of the Legislature and the Joint Legislative*
9 *Budget Committee, or their designees, at least 45 days prior to*
10 *executing the agreement for a lease, lease-purchase, or lease with*
11 *an option to purchase real property authorized by this section.*
12 *The department may proceed with the agreement or lease 45 days*
13 *following the date the department gave notice to the*
14 *above-mentioned chairs.*

15 (d) *The department shall determine whether it is in the best*
16 *interest of the state to sell, to lease to other tenants, or to exchange*
17 *the Sacramento property. The department shall report to the chairs*
18 *of the fiscal committees of the Legislature and the Joint Legislative*
19 *Budget Committee, or their designees, on the most cost-effective*
20 *option for the state.*

21 (e) (1) *Upon the Director of General Services making the*
22 *determination specified in subdivision (d) that the Sacramento*
23 *property should be either sold, exchanged, or leased to another*
24 *tenant, the Director of General Services may sell, exchange, lease,*
25 *or any combination thereof, all or a portion of the Sacramento*
26 *property. Upon sale, exchange, or lease of the Sacramento*
27 *property, and subject to the requirements of Section 9 of Article*
28 *III of the California Constitution, the Director of General Services*
29 *shall make an early payoff of the total outstanding lease revenue*
30 *bonds on the Sacramento property, including accrued interest and*
31 *any other obligations associated with the Sacramento property,*
32 *using the revenues resulting from any sale, exchange, or lease.*

33 (2) *In the event that the Director of General Services sells the*
34 *Sacramento property and the sale constitutes a sale of surplus*
35 *state property for purposes of Section 9 of Article III of the*
36 *California Constitution, the “proceeds from the sale” for purposes*
37 *of that section shall be the revenues from the sale in excess of the*
38 *amount necessary to satisfy the total outstanding bonds on the*
39 *Sacramento property, as required by paragraph (1).*

1 (f) Notwithstanding subdivision (c) of Section 14682, the State
2 Board of Equalization is authorized to relocate its offices from
3 existing state-owned or state-leased facilities for the purpose of
4 consolidating the State Board of Equalization headquarters and
5 annexes into a single location without any obligation to pay rent
6 on those facilities after vacating such premises.

7 ~~SECTION 1. It is the intent of the Legislature to enact~~
8 ~~legislation to authorize the Director of General Services, with the~~
9 ~~consent of the State Board of Equalization, to enter into one or~~
10 ~~more agreements for the planning, design, construction, and~~
11 ~~acquisition of facilities, including any improvements, betterments,~~
12 ~~and related facilities, for the relocation and consolidation of the~~
13 ~~State Board of Equalization.~~