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.

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 authorize the Director of General Services, with the consent of in consultation with 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, 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 would require the Department of General Services to be reimbursed for the cost of entering into these agreements or leases in
The people of the State of California do enact as follows:

SECTION 1. The Legislature hereby finds and declares all of the following:

(a) Located in the City of Sacramento, the state owns approximately 2.50 acres of real property on one city block bounded by N Street on the north, 5th Street on the east, O Street on the south, and 4th Street on the west, that is the State Board of Equalization’s current state-owned headquarters. The state-owned facility is a 24-story building that contains approximately 616,000 gross square feet, with 463,000 usable square feet of office space. The ground floor contains a full-service cafeteria and a child care center. The state-owned facility also includes a three-story parking structure with 711 spaces.

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

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

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

(e) Consolidating the various State Board of Equalization headquarters and annexes into one location will greatly facilitate and improve the efficiency of the administrative operations of the agency.
(f) Allowing the State Board of Equalization to move out of the real property described in subdivision (a) permanently and to consolidate its operations into one location will accommodate future growth as part of its revenue-administrative mission.

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

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

(b) 14669.16. (a) (1) Notwithstanding any other law, the Director of General Services, with the consent of in consultation with the State Board of Equalization, may 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 of the State Board of Equalization in the Sacramento region. The Director of General Services may enter into a lease, lease-purchase, lease-purchase or a lease with an option to purchase to provide usable office and related space in the Sacramento region in order to consolidate various departments of the State Board of Equalization into a single location.

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

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

(4) (3) The department Department of General Services shall develop the terms and conditions of the agreements or leases authorized by paragraph (1) no later than December 31, 2015.
(5) In connection with the selection and acquisition of a lease, lease-purchase, or a lease with an option to purchase, the department may solicit and accept proposals for the sale, exchange, lease, rehabilitation, or any combination thereof, of all or a portion of the Sacramento property.

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

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

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

(2) In the event that the Director of General Services sells the Sacramento property and the sale constitutes a sale of surplus state property for purposes of Section 9 of Article III of the California Constitution, the “proceeds from the sale” for purposes of that section shall be the revenues from the sale in excess of the amount necessary to satisfy the total outstanding bonds on the Sacramento property, as required by paragraph (1).
(c) The Department of General Services shall be reimbursed for the department’s costs pursuant to subdivision (a), in an amount not to exceed three million dollars ($3,000,000), from a loan of funds that are continuously appropriated pursuant to Section 14957 and deposited into the Architecture Revolving Fund for repairs to the State Board of Equalization's headquarters building located at 450 N Street in the City of Sacramento. Any amounts loaned pursuant to this subdivision shall be repaid from the State Board of Equalization’s operating funds within five years from the date those funds were borrowed. Interest charges shall be waived pursuant to subdivision (e) of Section 16314.

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