

AMENDED IN ASSEMBLY MAY 23, 2014  
AMENDED IN ASSEMBLY MARCH 28, 2014  
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1656**

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**Introduced by Assembly Member Dickinson**

February 11, 2014

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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~~ *The bill would require the Department of General Services 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 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: 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~~ *usable* square feet of office  
10 space. The ground floor contains a full-service cafeteria and a child  
11 care center. The state-owned facility also includes a three-story  
12 parking 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  
29 and improve the efficiency of the administrative operations of the  
30 agency.

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

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

7 ~~14669.16.— (a) For purposes of this section, the “Sacramento~~  
8 ~~property” means the 2.50 acres of real property, owned by the state~~  
9 ~~and located in the City of Sacramento, on one city block bounded~~  
10 ~~by N Street on the north, 5th Street on the east, O Street on the~~  
11 ~~south, and 4th Street on the west, that is the State Board of~~  
12 ~~Equalization’s current state-owned headquarters.~~

13 (b)

14 ~~14669.16. (a) (1) Notwithstanding any other law, the Director~~  
15 ~~of General Services, with the consent of~~ *in consultation with* the  
16 State Board of Equalization, may enter into one or more agreements  
17 for the planning, design, construction, and acquisition of facilities,  
18 including any improvements, betterments, and related facilities,  
19 for the relocation of the State Board of Equalization in the  
20 Sacramento region. The Director of General Services may enter  
21 into a ~~lease, lease-purchase, lease-purchase~~ or a lease with an  
22 option to purchase to provide usable office and related space in  
23 the Sacramento region in order to consolidate various departments  
24 of the State Board of Equalization into a single location.

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

29 (3)

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

37 (4)

38 (3) ~~The department~~ *Department of General Services* shall  
39 develop the terms and conditions of the agreements or leases  
40 authorized by paragraph (1) no later 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     ~~(e)~~

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

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

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

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

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

12     (⊕)

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