

Senate Bill No. 1277

CHAPTER 568

An act to add Section 14669.15 to the Government Code, relating to public works, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 4, 1995. Filed
with Secretary of State October 4, 1995.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1277, Killea. State real property: Department of General Services: San Diego.

Existing provisions of the State Building Construction Act of 1955 authorize the State Public Works Board to acquire or construct public buildings and to issue revenue bonds, negotiable notes, and negotiable bond anticipation notes to finance that construction. That act also permits the leasing of these public buildings by the board to the Department of General Services or any other state agency approved by the department.

This bill would authorize the Director of General Services to enter into an agreement to acquire, construct, purchase, lease, lease-purchase, lease-purchase finance, or lease with an option to purchase, with an initial option purchase price that exceeds \$2,000,000, for the purpose of providing approximately 350,000 net usable square feet in downtown San Diego and approximately 362,100 net usable square feet in a suburban location in the San Diego region, of office and related space and parking to consolidate the operations of state agencies in and around downtown San Diego and to consolidate the operations of state agencies in the surrounding suburban area into one suburban location. This bill would require the Department of General Services to advertise and award a lease, lease-purchase, lease-purchase finance, or lease with an option to purchase in accordance with existing procedures to the lowest responsible bidder offering to provide a building that meets the state's requirement.

This bill would authorize the State Public Works Board to issue revenue bonds, negotiable notes, or negotiable bond anticipation notes to finance the acquisition of the facilities authorized by the bill. This bill would provide that the authorized costs of facilities for the downtown San Diego facility and for the suburban facility shall each not exceed \$45,000,000. This bill would continuously appropriate without regard to fiscal years the funds derived from the interim and permanent financing or refinancing of these facilities for the purposes of these provisions.

This bill would condition the acquisition of the facilities on the cost of that acquisition being no greater than the cost to lease and operate an equivalent amount of office space, including the present facilities, as specified.

This bill would authorize the Director of General Services to sell, lease, or exchange the existing state office and parking facilities located in the City of San Diego, as specified. This bill would require that the net proceeds from the sale, lease, or exchange of these facilities be used for the specific purpose of being applied toward any obligations undertaken by the director in securing consolidated facilities as authorized by this bill, and would thereby make an appropriation.

This bill would prohibit the director from entering into an agreement to acquire the facilities any sooner than 45 days after notification to the Chairperson of the Joint Legislative Budget Committee.

This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

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

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

(a) Based upon information contained in a statewide property inventory, the state has substantial real estate needs and resources.

(b) The Department of General Services has developed the Strategic Facilities Plans for the San Diego region that utilizes the information contained in the inventory to create a framework of management principles and strategies to guide the state's real estate decisions through the next 10 years. The plans incorporate numerous strategies designed to consolidate state agencies, reduce the number of leased facilities, create a strong state presence in the San Diego area, and improve access to the state's clientele base.

SEC. 2. Section 14669.15 is added to the Government Code, to read:

14669.15. (a) The Director of General Services may enter into one or more agreements to acquire, construct, purchase, lease, lease-purchase, lease-purchase finance, or lease with an option to purchase, with an initial option purchase price that exceeds two million dollars (\$2,000,000), for the purpose of providing approximately 241,000 net usable square feet of office and related space and 109,000 net usable square feet for parking in downtown San Diego, and approximately 226,100 net usable square feet of office and related space and 136,000 net usable square feet of parking in a suburban location in the San Diego region. It is the intent of the Legislature that the director consolidate the operations of state



agencies in and around downtown San Diego into one or more facilities in downtown San Diego, and consolidate the operations of state agencies in the surrounding suburban area into one suburban location.

In connection with the selection and acquisition of a lease, lease-purchase, lease-purchase finance, or lease with an option to purchase (collectively referred to as “lease” or “leases”), the department shall advertise and award the lease or leases in accordance with subdivision (b) of Section 14669 to the lowest responsible bidder offering to provide a building that meets the state’s requirements.

(b) The State Public Works Board may issue revenue bonds, negotiable notes, or negotiable bond anticipation notes pursuant to the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800)) to finance the acquisition of the facilities authorized in subdivision (a). The board may borrow funds for project costs from the Pooled Money Investment Account pursuant to Sections 16312 and 16313. In the event the bonds authorized for the projects are not sold, the Department of General Services shall adjust the Building Rental Account of the Service Revolving Fund by an amount sufficient to repay any loans made by the Pooled Money Investment Account. It is the intent of the Legislature that this commitment be included in future Budget Acts until outstanding loans from the Pooled Money Investment Account are repaid either through the sale of bonds or from an appropriation.

(1) The amount of revenue bonds, negotiable notes, or negotiable bond anticipation notes to be sold shall equal the cost of acquisition, including land, construction, furnishings and equipment, preliminary plans and working drawings, construction management and supervision, and other costs relating to the design and construction of the facilities, exercising any purchase option, and any additional sums necessary to pay interim and permanent financing costs and costs to issue these bonds. The additional amount may include interest and a reasonable required reserve fund.

(2) Authorized costs of the facilities, including land acquisition, preliminary plans, working drawings, and construction shall not exceed forty-five million dollars (\$45,000,000) for the downtown San Diego facility and shall not exceed forty-five million dollars (\$45,000,000) for the suburban facility.

(3) Notwithstanding Section 13332.11, the State Public Works Board may authorize the augmentation of the amount authorized pursuant to this subdivision by up to 10 percent of the amount specifically authorized.

(c) Notwithstanding Section 13340, funds derived from the interim and permanent financing or refinancing of the facilities specified in this section are hereby continuously appropriated without regard to fiscal years for these purposes.



(d) The net present value of the cost to acquire and operate the facilities authorized in subdivision (a) may not exceed the net present value of the cost to lease and operate an equivalent amount of office space, including the present facilities, over the same time period. The Department of General Services, in performing this analysis, shall obtain interest rates, discount rates, and the consumer price index figures from the Treasurer.

(e) The Director of General Services may sell, lease, or exchange, based on current market value and upon any terms and conditions, and with any reservations and exceptions, deemed by the director to be in the state's best interest, the existing state office and parking facilities located in the City of San Diego. The net proceeds, if any, from the sale, lease, or exchange shall be applied toward any obligations undertaken by the director in securing consolidated facilities as authorized by this section.

(f) The director shall not enter into any agreement to acquire facilities, as specified in subdivision (a), any sooner than 45 days after notification, including the information specified in subdivision (d), to the Chairperson of the Joint Legislative Budget Committee. It is the intent of the Legislature that the Joint Legislative Budget Committee hold a hearing on the pending agreement.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for advertising and solicitation of proposals to commence at the earliest possible time to provide financing and acquisition of office and related space and parking facilities in San Diego as soon as possible, it is necessary that this act take effect immediately.

