AMENDED IN SENATE JUNE 15, 2010

AMENDED IN ASSEMBLY JUNE 1, 2010

AMENDED IN ASSEMBLY APRIL 27, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL No. 2605

Introduced by ~~Assembly Member De La Torre~~ *Committee on Accountability and Administrative Review (De La Torre (Chair), Audra Strickland (Vice Chair), Arambula, Tom Berryhill, Block, Buchanan, Caballero, Fletcher, Huber, Jones, Bonnie Lowenthal, V. Manuel Perez, and Villines)*

February 19, 2010

An act to amend Section 14670.13 of the Government Code, relating to state property*, and declaring the urgency thereof, to take effect immediately*.

LEGISLATIVE COUNSEL'S DIGEST

AB 2605, as amended, ~~De La Torre~~ *Committee on Accountability and Administrative Review*. State property: sales.

(1) Existing law, enacted in 2009, authorized the sale or lease of specified real property or buildings, or both, in Los Angeles, Oakland, Rancho Cordova, Sacramento, San Francisco, and Santa Rosa. Existing law authorizes the Director of General Services to determine the terms and conditions that are to be imposed upon that sale or lease, for the best interests of the state.

This bill would require the Director of General Services, at least 30 days prior to executing a transaction for a sale or lease as described above, to submit to the chairs of the fiscal committees of the Legislature an analysis of the transaction comparing the costs and benefits to the state of a sale or lease of the real property or building to continued ownership over a 50-year period. The bill would prohibit the real property or buildings from being sold or leased until the Legislature determines that the transaction is in the best interests of the state, makes a finding to this effect, and explicitly authorizes the sale by statute.

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

Vote: ~~majority~~ 2⁄3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

SECTION 1. Section 14670.13 of the Government Code is amended to read:

14670.13. (a) Notwithstanding any other law, but subject to the conditions specified in subdivisions (c) and (e), the Department of General Services may enter into a sale or long-term lease of the properties specified in subdivision (b). A sale or long-term lease entered into pursuant to this section may include an option for the state to repurchase that property or building, or both. Subject to the limitations of this section, the Director of General Services may determine the other terms and conditions that shall be imposed upon that sale or lease, for the best interests of the state. Any sale of property pursuant to this section shall be for no less than fair market value.

(b) Subject to the conditions specified in subdivisions (c) and (e), the Department of General Services may enter into a sale or long-term lease pursuant to this section for any, or all, of the following real properties or buildings, or both:

(1) The Attorney General Building located at 1300 I Street in the City of Sacramento.

(2) The California Emergency Management Agency Building located at 3650 Schriever Avenue in the City of Rancho Cordova.

(3) The Capitol Area East End Complex, located in the City of Sacramento, at all of the following locations:

(A) Block 225 located at 1430 N Street in the City of Sacramento.

(B) Block 171 located at 1501 Capitol Avenue in the City of Sacramento.

(C) Block 172 located at 1500 Capitol Avenue in the City of Sacramento.

(D) Block 173 located at 1615 Capitol Avenue in the City of Sacramento.

(E) Block 174 located at 1616 Capitol Avenue in the City of Sacramento.

(F) The parking facility located at 1214 17th Street in the City of Sacramento.

(4) The Elihu M. Harris Building located at 1515 Clay Street in the City of Oakland.

(5) The Franchise Tax Board Complex located at 9645 Butterfield Way in the City of Sacramento.

(6) The San Francisco Civic Center, also known as the Earl Warren/Hiram Johnson Building, at both of the following locations:

(A) 350 McAllister Street in the City and County of San Francisco.

(B) 455 Golden Gate Avenue in the City and County of San Francisco.

(7) The New Junipero Serra State Building located at 320 West 4th Street in the City of Los Angeles.

(8) The Department of Justice Building located at 4949 Broadway in the City of Sacramento.

(9) The Public Utilities Commission Building, also known as the Governor Edmund G. “Pat” Brown Building, located at 505 Van Ness Avenue in the City and County of San Francisco.

(10) The Judge Joseph A. Rattigan Building located at 50 D Street in the City of Santa Rosa.

(11) The Ronald Reagan State Building located at 300 South Spring Street in the City of Los Angeles.

(c) (1) The Legislature hereby finds and declares it may be infeasible to sell or lease the real property or buildings listed in subdivision (b), if the real property or buildings have outstanding lease-revenue bonds due to bond covenants, market disclosure issues, and federal tax regulations and the bonds cannot be defeased or otherwise retired.

(2) If the proceeds of a sale subject to this section will be used to defease or otherwise retire lease-revenue bonds on real property or a building listed in subdivision (b), the proceeds in an amount necessary to defease or retire the bonds are hereby appropriated to the Department of General Services, and the Department of

General Services may sell that building or real property pursuant to this section, including a fee simple sale or the sale of a lesser property interest, such as a long-term lease of the real property, only if the issuer and trustee for the bonds approves the sale transaction and this approval takes into consideration, among other things, that the proposed sale transaction will not breach any covenant or obligation of the issuer or trustee.

(d) The disposition of the real properties or buildings, or both, pursuant to this section does not constitute a sale or other disposition of surplus state property within the meaning of Section 9 of Article III of the California Constitution and shall not be subject to subdivision (g) of Section 11011.

(e) (1) Thirty days prior to executing a transaction for a sale or lease of any of the real property or buildings listed in subdivision (b), the Director of General Services shall report to the chairs of the fiscal committees of the Legislature the terms and conditions of the transaction, including, but not limited to, the financial terms.

(2) At least 30 days prior to executing a transaction for a sale or lease of any of the real property or buildings listed in subdivision (b), the Director of General Services shall submit to the chairpersons of the fiscal committees of the Legislature an analysis of the transaction comparing the costs and benefits to the state of a sale or lease of the real property or building to the continued ownership of the real property or building over a 50-year period. The real property or buildings shall not be sold or leased until the Legislature determines that the transaction is in the best interests of the state, makes a finding to this effect, and explicitly authorizes the sale by statute.

(f) Commencing in 2010, on or before June 30 of each year following the enactment of this section, the Director of General Services shall report the status of any completed or pending sales pursuant to this section to the fiscal committees of the Legislature.

(g) (1) The Department of General Services shall be reimbursed for any reasonable costs or expenses incurred pursuant to this section.

(2) All issuer- and trustee-related costs of reviewing any proposed sale transaction, and all costs related to the defeasance or other retirement of any bonds, including the cost of nationally recognized bond counsel, shall be paid from the proceeds of a sale or lease conducted pursuant to this section.

(3) The Department of General Services shall deposit in the General Fund the net proceeds from the sale or long-term lease of the real properties or buildings leases, or both, made pursuant to this section, after deducting the amount of reimbursement for costs incurred pursuant to this section or the reimbursement of adjustments to the General Fund loan.

(h) (1) The disposition of state real property or buildings specified in subdivision (b) that are made on an "as is" basis shall be exempt from Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code. Upon title to the parcel vesting in the purchaser or transferee of the property, the purchaser or transferee shall be subject to any local governmental land use entitlement approval requirements and to Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code.

(2) If the disposition of state real property or buildings specified in subdivision (b) is not made on an "as is" basis and close of escrow is contingent on the satisfaction of a local governmental land use entitlement approval requirement or compliance by the local government with Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code, the execution of the purchase and sale agreement or of the exchange agreement by all parties to the agreement shall be exempt from Chapter 3 (commencing with Section 21100) to Chapter 6 (commencing with Section 21165), inclusive, of Division 13 of the Public Resources Code.

(3) For the purposes of this subdivision, "disposition" means the sale, lease or repurchase of state property or buildings specified in subdivision (b).

SEC. 2. 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 that the Legislature may review the costs and benefits of the proposed sale or lease of buildings described in Section 14670.13 of the Government Code before the Department of

General Services acts to sell or lease the buildings, it is necessary that this bill go into immediate effect.

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