An act to amend Sections 100010 and 100115 of the Education Code, and to repeal Section 8169.6 of the Government Code, relating to bonds, and making an appropriation therefor, to take effect immediately, bill related to the budget.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 100010 of the Education Code is amended to read:

100010. ~~An amount of up to two~~ Two billion ~~twenty-five~~ twelve million thirty-five thousand dollars ~~($2,025,000,000)~~ ($2,012,035,000) of the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the State School Building Lease-Purchase Fund.

SEC. 2. Section 100115 of the Education Code is amended to read:

100115. ~~An amount of up to nine~~ Nine hundred seventy-five million dollars ($975,000,000) of the proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the 1996 Higher Education Capital Outlay Bond Fund, which is hereby created.

SEC. 3. Section 8169.6 of the Government Code is repealed.

~~8169.6. (a) (1) In furtherance of the Capitol Area Plan, the objectives of Resolution Chapter 131 of the Statutes of 1991, and the legislative findings and declarations contained in Chapter 193 of the Statutes of 1996, relative to the findings by the Urban Land Institute, the director may purchase, exchange, or otherwise acquire real property and construct facilities, including any improvements, betterments, and related facilities, within the jurisdiction of the Capitol Area Plan in the City of Sacramento pursuant to this section. The total authorized scope of the project shall consist of approximately 1,400,000 gross square feet of office space on state-owned land in the Capitol area in downtown Sacramento on Block 204 (bounded by 7th, 8th, O, and P Streets) or Block 203 (bounded by 7th, 8th, N, and O Streets), or both of those blocks. The project shall include associated parking onsite and in a parking garage to~~

~~be constructed on Block 266 (bounded by 8th, 9th, Q, and R Streets). The project cost shall include the cost of rehabilitation of the Heilbron House currently located on Block 204, and the project cost may include the cost of relocation of the Heilbron House.~~

~~(2) The project may include residential development and additional commercial space, subject to all of the following conditions:~~

~~(A) The inclusion of the residential development and additional commercial space shall not reduce the scope of the approximately 1,400,000 gross square feet of office space described in paragraph (1).~~

~~(B) The inclusion of the residential development and additional commercial space shall not expand the state's cost beyond that authorized in paragraph (3) of subdivision (b).~~

~~(C) Any cost associated with the residential space shall not be funded by any lease-revenue bonds authorized for the project.~~

~~(D) Notwithstanding subdivision (b) of Section 8169, the department may sell, lease, or otherwise transfer a portion of the parcel not used to develop the approximately 1,400,000 gross square feet of office space described in paragraph (1) to the Capitol Area Development Authority created by the joint powers agreement executed pursuant to Section 8169.4, a private developer, or both, for the residential or additional commercial development.~~

~~(E) The residential and additional commercial development may be funded and constructed by the Capitol Area Development Authority, a private developer, or both.~~

~~(F) In order to address security concerns, no part of the residential development may be included in the same structure as the approximately 1,400,000 gross square~~

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~~feet of office space described in paragraph (1). This restriction applies to residential living quarters, residential parking, and any utilities necessary for the residential development.~~

~~(b) (1) The department may contract for the lease, lease-purchase, lease with an option to purchase, acquisition, design, design-build, construction, deconstruction, construction management, and other services related to the design and construction of the office and parking facilities. If the director selects design-build as the method of delivery, the department shall use the method of design-build authorized by clause (i) of subparagraph (A) of paragraph (3) of subdivision (d) of Section 14661. 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) of Division 3) to finance all costs associated with the acquisition, design, and construction of office and parking facilities for the purposes of this section. The State Public Works Board and the department may borrow funds for project costs from the Pooled Money Investment Account pursuant to Sections 16312 and 16313. In the event the bonds authorized by the project are not sold, the Department of General Services shall commit a sufficient amount of its support budget to repay any outstanding loans. It is the intent of the Legislature that this commitment shall be included in future Budget Acts until all outstanding loans are repaid either through the proceeds from the sale of bonds or from an appropriation.~~

~~(2) The amount of revenue bonds, negotiable notes, or negotiable bond anticipation notes to be sold may equal, but shall not exceed, the cost of land, planning, preliminary plans, working drawings or concept drawings, performance criteria,~~

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~~construction, deconstruction, furnishings, equipment, construction management and supervision, 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. The additional amount may include interest and the establishment of a reasonable construction reserve fund to ensure that the funds are available in the event future augmentations are needed to complete the facilities authorized by this section. If the construction reserve funds are not needed to complete construction, they shall be used to repay the future debt payments.~~

~~(3) Authorized costs of the facilities for planning, concept drawings or preliminary plans, working drawings, demolition, construction, and other costs shall not exceed three hundred ninety-one million dollars ($391,000,000). Notwithstanding Section 13332.11, the State Public Works Board may authorize the augmentation of the amount authorized under this paragraph by up to 10 percent of the amount authorized.~~

~~(4) The net present value of the cost to acquire and operate the facilities authorized by subdivision (a) may not exceed the net present value of the cost to lease and operate an equivalent amount of comparable consolidated office space over the same time period. The department shall perform this analysis and shall obtain interest rates, discount rates, and Consumer Price Index figures from the Treasurer. For purposes of this analysis, the department shall compare the cost of acquiring and operating the proposed facilities with the amount saved from not having to pay the cost of leasing and operating an equivalent amount of comparable consolidated office space that would no longer need to be leased.~~

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~~(5) The department is authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the project described in this section.~~

~~(6) The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3). This paragraph does not exempt the department from the requirements of the California Environmental Quality Act. This paragraph is declarative of existing law.~~

SEC. 4. The sum of one thousand dollars ($1,000) is hereby appropriated to the Treasurer from the General Fund for administrative costs associated with this act.

SEC. 5. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Bonds: bonding authority reduction.

(1) The California Constitution authorizes the Legislature, at any time after the approval by the voters of a law authorizing the issuance of bonded indebtedness, to reduce the amount of the indebtedness authorized by the law to an amount not less than the amount contracted at the time of the reduction.

This bill would reduce the amount of bonded indebtedness authorized by the Public Education Facilities Bond Act of 1996 by $12,965,000.

(2) Existing law authorizes the Director of General Services to purchase, exchange, or otherwise acquire real property and construct facilities, including any improvements, betterments, and related facilities, within the jurisdiction of the Capital Area Plan in the City of Sacramento and authorizes the State Public Works Board to issue up to $391,000,000 in revenue bonds, negotiable notes, or negotiable bond

anticipation notes to finance the costs associated with the acquisition, design, and construction of office and parking facilities in the Capital Area Plan.

This bill would repeal this authority given to the Director of General Services and the State Public Works Board.

(3) This bill would appropriate $1,000 from the General Fund to the Treasurer for administrative costs associated with this act.

(4) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

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