

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 23, 2009
POSITION: Neutral

BILL NUMBER: SB 256
AUTHOR: S. Aanestad

BILL SUMMARY: State Property: Department of California Highway Patrol

This bill would authorize the Department of General Services (DGS) to sell, lease, or exchange a specified parcel of approximately 1.69 acres in the City of Chico with the intent to acquire land and facilities to house the California Department of Highway Patrol (CHP) Chico area office.

FISCAL SUMMARY

Since the terms and conditions of any future sale, lease, or exchange agreement are unknown at this time, the fiscal impact of this transaction cannot be determined. To the extent the existing state property is exchanged for a new site, it is likely that the value of the existing site will be insufficient to cover the costs of constructing or leasing a new facility. Additionally, an appropriation will be made to DGS for expenditure on a acquisition, lease, lease-purchase, lease with an option to purchase, or a lease purchase of land and facilities to house CHP.

COMMENTS

The Department of Finance is neutral on this bill.

Existing law does the following:

- Authorizes the DGS to plan, acquire, construct, and maintain state buildings and property, as specified.
• Provides for the DGS to dispose of state surplus property, subject to specified conditions and upon legislative approval.
• Requires that the proceeds from the sale of surplus state property be used to pay the principal and interest on the Economic Recovery Bond Act of 2004.

This bill would do the following:

- Authorize the Director of DGS to sell, exchange, lease for a period of less than 66 years, or lease and exchange at no less than fair market value, approximately 1.69 acres in the City of Chico that is currently used as a CHP area office.
• Allow the City of Chico first right of refusal to buy, lease or exchange the specified property.
• Specify that the proceeds of any sale, sale and exchange, or lease associated with this parcel shall be used to acquire the land and facilities for a new CHP Chico area office.
• Exempt the property from being considered surplus which would require any proceeds from the sale, exchange or lease to be used to pay the interest and principal on Economic Recovery Bonds.
• Require DGS to develop the terms and conditions of any agreements or lease and provide them to the Department of Finance for review prior to soliciting for bids and requires that DGS obtain approval from the Department of Finance prior to the execution of any agreement or lease.

(Continued)

COMMENTS (continued)

Analyst/Principal Date Program Budget Manager Date
(0671) N. Brady Karen Finn

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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- Requires DGS to notify the chairperson of each house that considers appropriations and the Chairperson of the Joint Legislative Budget Committee of the director's intention to enter into a lease or agreement.
- Make an appropriation to DGS for expenditure on a acquisition, lease, lease-purchase, lease with an option to purchase, or a lease purchase of land and facilities to house the CHP Chico are office.

We note that the CHP currently occupies a 6,200 sq ft area office in Chico. The department has stated that there is a need for a 23,244 sq ft office in the Chico area, and as such, has included a replacement facility in their five-year plan for this field office.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				(Dollars in Thousands)			
				2009-2010	2010-2011	2011-2012	
1760/Dept Gen Svc	SO	No		-----	See Fiscal Summary	-----	0660
2720/CHP	SO	No		-----	See Fiscal Summary	-----	0044
<u>Fund Code</u>	<u>Title</u>						
0044	Motor Vehicle Account, STF						
0660	Public Buildings Construction Fund						