

Date of Hearing: June 28, 2017

ASSEMBLY COMMITTEE ON ACCOUNTABILITY AND ADMINISTRATIVE REVIEW
Susan Talamantes Eggman, Chair
SB 814 (Committee on Governmental Organization) – As Amended June 20, 2017

SENATE VOTE: 37-0

SUBJECT: State real property: surplus

SUMMARY: Authorizes the Director of the Department of General Services (DGS) to dispose of a portion of the former Preston Youth Correctional Facility in Amador County (Preston property).

Specifically, **this bill:**

- 1) Authorizes the Director of DGS to dispose of approximately 65 acres, known as a portion of the Department of Corrections and Rehabilitation's (CDCR) Preston property, located at 201 Waterman Road in Ione, in Amador County.
- 2) Requires the purchase, lease, or exchange agreement of the Preston property to be approved by the State Public Works Board (PWB), as specified, prior to final disposal.
- 3) Clarifies that the purchaser or transferee of the Preston property is solely responsible for compliance with the California Environmental Quality Act (CEQA) for purposes of this bill.

EXISTING LAW:

- 1) Authorizes the Director of DGS, subject to legislative approval, to sell, lease, exchange, or transfer various specified properties for fair market value, or upon such other terms and conditions that DGS determines are in the best interest of the state.
- 2) Requires each state agency to annually review and determine if any lands under their jurisdiction are in excess of programmatic need and report that information to DGS.
- 3) Requires DGS to dispose of surplus state real property in a specified manner, and prescribes the priority of disposition of the property before DGS may offer it for sale to private entities or individuals.
- 4) Exempts the sale of surplus property sold "as is" from designated provisions of the CEQA.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- 1) Unknown, but potentially significant costs to DGS for selling the surplus property which would be repaid from the property sale proceeds. (Property Acquisition Law)
- 2) Unknown potential revenue from the net property sale proceeds that exceeds the amount required to be repaid to the Property Acquisition Law Money Account for selling the property (Special Fund for Economic Uncertainties)

- 3) Cost savings of approximately \$450,000 per year, following the sale of the property, at which point CDCR will no longer maintain the property in warm shutdown. (General Fund)

COMMENTS: This is the annual DGS surplus property bill. The Preston property closed in June 2011. The buildings and infrastructure are expensive to maintain and no longer needed due to a declining youth correctional population. Currently, the property is in warm shutdown, meaning certain positions and funding are required to maintain basic operations and prevent the property from deteriorating while it is unused. As noted above, this costs CDCR \$450,000 annually.

DGS notes that the Preston property has an outstanding bond for infrastructure improvements that will need to be paid off once sold. As a result, this bill requires the purchase, lease, or exchange agreement of the property to go to the PWB for approval before final disposal. According to DGS, the PWB will likely need to provide DGS with forms of termination agreements that effectively remove the PWB's bond restriction on selling the property.

Generally, surplus property is sold "as is" and is exempt from designated provisions of the CEQA. This bill further clarifies that the buyer or transferee of the Preston property is subject to CEQA and any other local governmental entitlement or land use approval requirements.

PRIOR LEGISLATION: The following measures are the most recent surplus property authorization and rescission bills sponsored by DGS and enacted into law:

- 1) AB 2904 (Assembly Accountability and Administrative Review Committee), Chapter 207, Statutes of 2016
- 2) SB 273 (Hueso), Chapter 233, Statutes of 2015
- 3) AB 2174 (Assembly Accountability and Administrative Review Committee), Chapter 337, Statutes of 2014
- 4) AB 826 (Jones-Sawyer), Chapter 505, Statutes of 2013
- 5) SB 1580 (Senate Governmental Organization Committee), Chapter 798, Statutes of 2012
- 6) AB 1272 (Butler), Chapter 178, Statutes of 2011
- 7) SB 136 (Huff), Chapter 166, Statutes of 2009
- 8) AB 2026 (Villines), Chapter 761, Statutes of 2008

REGISTERED SUPPORT / OPPOSITION:

Support

Department of General Services (sponsor)

Opposition

None on file.

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