

Little Hoover Commission

Department of General Services Testimony

For October 25, 2011 Informational Hearing

Thank you for inviting the Department of General Services (DGS) to provide information on the state's real property assets and asset management practices. This testimony responds to the questions identified in Executive Director Stuart Drown's letter of October 6, 2011.

1. What is the breakdown of the state's portfolio of assets?

(Presenter: Joe Mugartegui, Chief, Asset Management Branch, Real Estate Services Division, Department of General Services)

Attachment A provides a summary of State-Owned Real Estate by Agency. Included in this October 2011 report are the number of real properties sites, acreage amounts, and various structures controlled by over 40 state agencies. The state owns 2,920 properties totaling almost 7 million acres. The portfolio includes over 2,300 office structures totaling over 43 million square feet (sf) and an additional 22,265 other structures that total almost 185 million sf. Other structures represent over 140 different Statewide Property Inventory (SPI) structure types ranging from small pump stations to telecommunications buildings to comfort stations to forest fire stations to college dormitories to armories.

Attachment B identifies the leased space, both statewide and that portion specifically located in Sacramento County. The state has 2,376 leases statewide with 16.6 million sf of office space and over 5.4 million sf of storage and "other" space and a majority of these leases are managed by DGS.

2. How does DGS fit within the state's system of managing property and what portion are under DGS jurisdiction?

(Presenter: Joe Mugartegui, Chief, Asset Management Branch, Real Estate Services Division, Department of General Services)

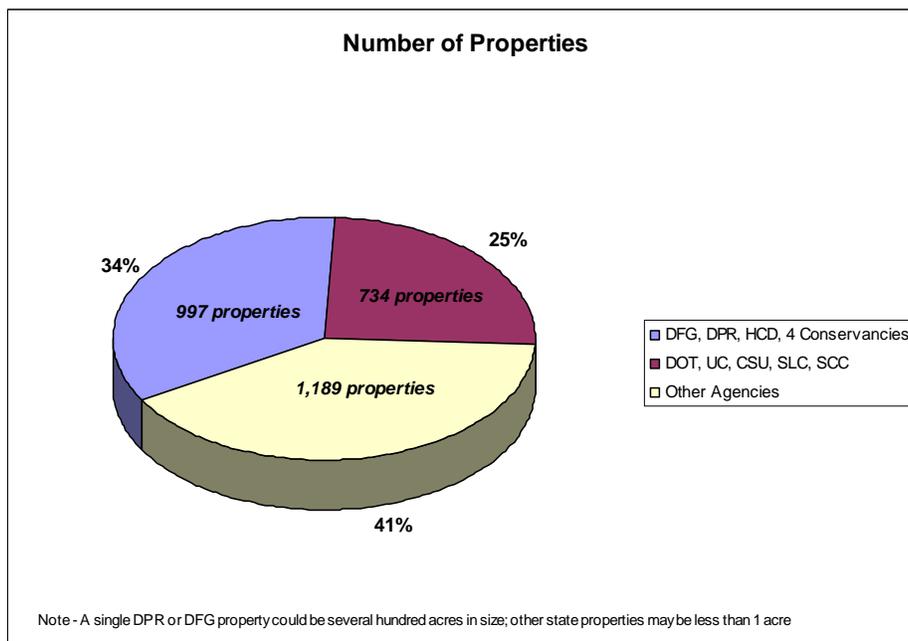
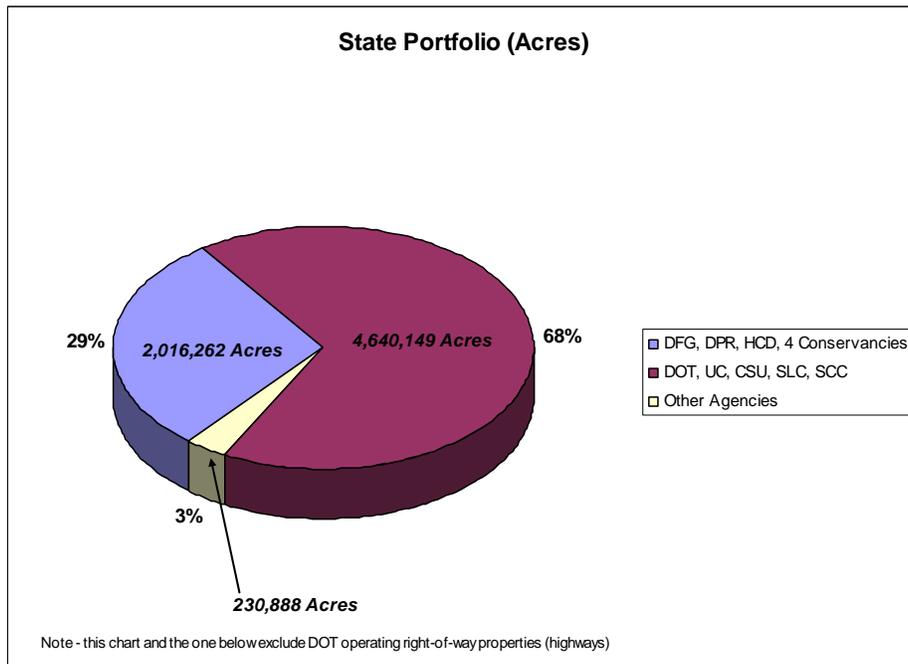
Attachment C is a spreadsheet that utilizes data from the SPI database to identify state-owned and controlled properties that are:

- 1) Under the jurisdiction of state agencies having statutory authority to manage their own real property assets (Department of Transportation, University of California, California State University System, State Lands Commission, State Coastal Conservancy).
- 2) Under the jurisdiction of state agencies whose program includes providing the public with recreational opportunities, preserving historical sites and landmarks, and preserving and providing access to wildlife areas and ecological preserves.
- 3) Mandated to utilize DGS' services for real property acquisitions, sales and leasing.

Little Hoover Commission Department of General Services Testimony For October 25, 2011 Informational Hearing

The two pie charts below provide a snapshot of the Attachment C data. Based solely on acreage, over 97% of the total portfolio is under the jurisdiction of eight agencies and four conservancies; the largest property holdings reside with the State Lands Commission, which oversees almost 4.5 million acres (65%) of the state's 6.89 million acre portfolio. DGS and the agencies required to utilize DGS real property services only oversee 3% of the total state-owned acreage.

SNAPSHOT OF STATE-OWNED PORTFOLIO AND THOSE ENTITIES HAVING JURISDICTIONAL CONTROL



**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

3. What is the history, role, and responsibility of the Statewide Property Inventory (SPI)?

(Presenter: Joe Mugartegui, Chief, Asset Management Branch, Real Estate Services Division, Department of General Services)

SPI serves as a centralized database for all of the state's real property assets, including leased and state-owned. A California Auditor General report initiated by the Little Hoover Commission, dated December 1983 and titled "California Could Earn Millions of Dollars from Better Management of Its Excess Land", led to Assembly Bill 3932 and approved by the Governor on September 20, 1986. The legislation created the SPI (Government Code Section 11011.15) and directed agencies to report their lands and buildings to DGS by July 1, 1988, and for DGS to complete the inventory by January 1, 1989. The agencies are also required to update their data annually thereafter.

DGS has been proactive in the ongoing development of the SPI, which replaced 18 stand alone property inventories that were previously used by land holding agencies. While the enabling legislation for SPI was specific to consolidating data for state-owned land and buildings, DGS added a leasing module during the initial development of the SPI recognizing the need and value of this additional information. The first version of the SPI, including the leasing module became operational before January 1, 1989, as required by the enabling legislation. The leasing module not only serves as an inventory, but also generates rent adjustment notices, renewal and lease expiration notices, invoices and various reports. This automation has reduced several manual processes that were required prior to development of the SPI.

SPI History

Over the last 25 years, the following statutory and administrative actions have provided direction to state agencies and DGS to ensure more comprehensive and accurate reporting to SPI:

- 1983 Auditor General Report – "California Could Earn Millions of Dollars From Better Management of Its Excess Land". Report leads to legislation that creates the SPI.
- 1986 AB 3932, State Property – Approved by Governor 9/20/1986. This legislation created the SPI and required that it be operational by January 1, 1989.
- 1991 AB 322 Amended Government Code Section 11011.16 - This section added additional reporting requirements for inventory records.
- 1991 Executive Order W-18-91, Governor Pete Wilson – States SPI will be utilized as the central real estate management information system of the State.

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

- 2004 Executive Order S-10-04, Governor Arnold Schwarzenegger – Requires agencies to report real property leased by State. Many of the policies of S-10-04 are incorporated into AB 22.
- 2004 SB 111, Chapter 193 – Repeals Government Code Section 11011.19. Repealed as obsolete.
- 2009 AB 22, Chapter 20 – Amends Government Code Sections 11011.13 and 11011.15. Requires agencies to report:
- Every lease, license, or other agreement for example (Type 2 leases) relating to the use of property under their jurisdiction. Type 2 leases include ATM machines, day care centers, rack space in telecommunication buildings as well as cell phone towers located on state buildings, but not limited to these examples.
 - Current uses of property under their jurisdiction including specific programmatic use, and whether the property is fully utilized, partially utilized, or excess.
 - Each agency to certify, on or before July 1 annually, that the agency has accurately and completely reported all property information.
 - Requires DGS to maintain the Certification Notices in a conspicuous place on its Internet Web Site.
- 2010 SB 1350, Chapter 330 – Amends Government Code Section 11011.13 and adds Section 11011.19. Added reporting requirement for State Lands Commission.

SPI Data Collection

SPI sends each land holding agency annual verification instructions that include an electronic listing of the properties and structures under an agency's jurisdiction as contained in the SPI database. The agencies are required to review the contents, make corrections, additions and/or deletions, and return the information to DGS/SPI. SPI requires the agencies to provide legal documentation (i.e., deed, title insurance, agreements, etc.) of the property (land) transactions (including sales or transfers of state property) to ensure as accurate data as possible for the database. These documents are forwarded to the Secretary of State, California State Archives for permanent filing. When the changes, additions, and/or deletions are returned, the SPI database is updated.

The agencies are responsible for reporting all real property (land) and buildings (structures) as accurately as possible to the SPI. While the SPI is not an accounting database, there are historical value fields maintained on the database. Various reports are generated from the database for the State Controller using the historical value fields in order to reconcile the agencies' fixed assets accounts.

Little Hoover Commission

Department of General Services Testimony

For October 25, 2011 Informational Hearing

SPI staff not only interacts with outside agencies, they also interact with DGS' internal programs, i.e., Real Property Services Section (State Owned Leasing & Development, Acquisitions and Transaction Reviews), Real Estate Leasing and Planning Section, and Asset Management Branch to update SPI as projects are completed.

SPI Challenges

The high volume of records maintained in the database makes it difficult for DGS to verify the completeness of each agency's annual verification data. Accurate and complete reporting for all requested property data fields is challenging for the largest land holding agencies. Comprehensive reporting is important as SPI staff must respond to information requests from the public, legislature, auditors, other state programs, and internal sources and DGS must rely on the accuracy of information provided by the other state agencies.

4. What is the role and organizational design of the Real Estate Services Division within DGS?

(Presenter: James Derby, Assistant Deputy Director, Real Estate Services Division, Department of General Services)

Real Estate Services Division Role and Organization

In 1997, the Real Estate Services Division (RESD) was consolidated from several independent DGS real estate programs to form an integrated, multi-functional organization structured to deliver and coordinate the full range of real estate services. RESD customers include state agencies that do not have the authority or resources to perform their own real estate functions. RESD offers a single contact point to agencies to ensure RESD resources are coordinated and meet specific customer requirements.

RESD reports to the Department of General Services (DGS) Director through the Chief Deputy Director. The overall organizational structure for RESD includes the Deputy Director and Assistant Deputy Director, and six main branches:

- Asset Management Branch (AMB)
- Building and Property Management Branch (BPM)
- Business Operations, Policy and Planning Branch (BOPP)
- Construction Services Branch (CSB)
- Project Management Branch (PMB)
- Professional Services Branch (PSB)

RESD provides professional and technical real estate services to over 135 agencies, boards, and commissions. These services include:

- Asset Management, Facilities Planning, and Value Enhancement
- Property Appraisals, Sales, and Acquisitions
- Architecture and Engineering
- Budget Package Development
- Construction Inspection and Management
- Direct Construction

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

- Cost Engineering, Project Scheduling, and Cost Analysis
- Environmental Services
- Facility Operation and Maintenance
- Leasing and Planning
- Project Management
- Property Management and Building Maintenance
- Rapid Design and Construction
- Seismic Retrofit Services
- Space Planning and Interior Design
- Toxic Site Investigation/Remediation

Asset Management Branch

An asset management function was first established within DGS in 1990. Over the years, this function has evolved into a more sophisticated and diverse program. The current Asset Management Branch (AMB) was created in 1997 as part of the reorganization of DGS' real estate functions that created RESD. AMB provides the initial contact for the customer within RESD and is the single point of entry for requesting new services. AMB is responsible for managing the real estate portfolio of DGS-controlled buildings; ensures real estate services are provided to state agencies from a statewide, strategic asset management perspective (including regional facilities plans and known surplus and underutilized assets) and reflect state management, policy, and statutory priorities; and provides long range facility planning.

Additionally, the AMB manages the sale/enhancement of surplus and underutilized state property in the Asset Enhancement and Surplus Sales Unit (AE/SS).

AE/SS, operating in a manner consistent with Executive Order S-10-04, is responsible for the disposition of state-owned real property which has been declared surplus to future state needs. The Legislature must declare the real property to be surplus and must authorize the Director of DGS to sell, exchange, lease, or transfer the surplus real property as stipulated in Government Code Section 11011, et seq. The objective of the program is to sell or otherwise dispose of surplus property in the best interest of the state by achieving maximum value, maximizing job creation, creating affordable housing, facilitating historic preservation and reuse, and returning property to local tax rolls. The state receives the highest sales price for high-value urban properties by utilizing a value enhancement process to secure development entitlements prior to the sale. Smaller, lower-value properties that have limited value enhancement potential are typically sold on an "as-is" basis through a public bid or auction process.

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

Professional Services Branch, Real Property Services Section

The Real Property Services Section (RPSS) provides a full range of professional real property services to over 40 state agencies and the Judiciary.

Core competencies include land acquisitions and transaction review for the State Public Works Board (SPWB); review and approval of resource land acquisitions; title analysis/reporting; appraisals and appraisal reviews; wide variety of other property rights transactions; leasing of state-owned real property for use by non-state agencies and the private sector; and telecommunications site/facility leasing of both privately and publicly owned property to support the state's public safety radio network and generating revenue.

RPSS services include:

- Appraisal Review - Provides review of appraisals used in state projects and contracts for independent appraisals. Reviews appraisals of other agencies' land acquisition programs
- Acquisition – Acquires real property through the SPWB. Negotiates and completes contracts for land purchase. Performs Site Selection process, due diligence and completes Acquisition process of real property.
- Relocation Assistance- Provides a Relocation Plan or Statement of Exemption on each eligible project for SPWB. Completes Relocation Entitlement Reports and Budget Estimates as required for statewide clients and SPWB.
- State Owned Leasing and Development - Provides interim leasing and management of properties until required for state use, provides leasing of state property to non-state parties to support state functions, and represents state as both tenant and landlord in leasing for telecommunications purposes.
- Title/Bond Due Diligence –Title due diligence on real estate projects including past and current land acquisitions and bond funded projects.

Transaction/Appraisal – Includes a variety of other diverse functions including the review and approval of non-SPWB land acquisition transactions for Natural Resource Agency departments. Also conveys and accepts easements on behalf of the state; transfers jurisdiction of property between state agencies; and prepares appraisal reports for capital outlay, surplus sale, land exchange, lease option, and other transactions requiring a fair market value estimate.

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

5. How does DGS manage assets under its jurisdiction and under the jurisdiction of other agencies and departments?

(Presenter: James Derby, Assistant Deputy Director, Real Estate Services Division, Department of General Services)

RESD, within DGS, is a multi-disciplinary real estate program providing a full range of services to the Department and to its client state agencies. These services include, but are not limited to building and property management, real estate acquisition, property sales, leasing, appraisals, transaction reviews, environmental studies, facility planning, portfolio management, design and construction services, and project management. RESD is able to provide services from project inception through construction and operation. Pursuant to Government Code Section 11011.15, DGS is responsible for maintaining the SPI.

For state-owned, DGS-controlled office buildings, the Building and Property Management Branch (BPM) is the property manager responsible for building management and administration, operations, maintenance, janitorial, groundskeeping, and repairs. BPM also provides operations and maintenance (Partial Services) at over 250 state-owned, non-DGS controlled buildings (ex. DMV field offices) throughout California. BPM also includes an environmental health and safety unit which provides support services for meeting and exceeding regulatory compliance with asbestos, lead, chemical exposures, indoor air quality, hazardous waste, ergonomics, and other requirements.

RESD also leases and sells property under DGS' jurisdiction to the Capitol Area Development Authority (CADA) to implement the residential and retail elements of the Capitol Area Plan. The Capitol Area Plan is the master plan for the 42-block area of downtown Sacramento recognized in Government Code Section 8160.

The AMB in RESD serves as the initial point of contact and ongoing liaison for state agencies requesting DGS' real estate services. Through the implementation of a centralized project initiation process, staff advises agencies and consults and collaborates with RESD service providers to ensure project requests are well defined at inception and directed to appropriate branches for implementation. In addition to serving as the RESD front door, the AMB ensures real estate services are provided from a statewide, strategic asset management perspective and are consistent with State management, policy, and statutory priorities. The AMB also sells surplus state properties utilizing asset enhancement strategies to maximize sales revenues.

The State Owned Leasing and Development Unit within the Professional Services Branch leases state-owned property to support state programs and to maximize revenues from underutilized assets under the jurisdiction of DGS and other state agencies.

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

6. What is the process for identifying surplus property and preparing it for sale?

(Presenter: Robert McKinnon, Assistant Chief, Asset Enhancement and Surplus Sales, Asset Management Branch, Real Estate Services Division, Department of General Services)

Identifying Surplus Property

In 2009, Government Code Section 11011 was amended to provide that each State Agency Secretary or Director must certify, on or before July 1 annually as part of the SPI verification, that the agency has accurately and completely identified and reported any excess property. Additional reporting requirements were added that require a detailed description of the current uses of the property, including specific programmatic uses, and whether the property is fully utilized, partially utilized, or excess, with regard to either an existing or ongoing program of the agency. The DGS maintains the certification notices on its web site.

The AE/SS qualifies each property identified as excess to determine the marketability of each property. Excess properties are posted on the RESD web site for review by state agencies to determine alternative state use for the properties. The properties are then included in the annual omnibus surplus property bill to authorize their disposition as surplus. Upon enactment of the surplus bill, on the following January 1, the properties are posted on the RESD web site.

Local governmental agencies and affordable housing sponsors have 90 days to notify the state of their interest in acquiring the property. Should a local agency or affordable housing sponsor be selected for negotiation, Government Code Section 11011 specifies the timelines under which a sale must be concluded. The balance of the surplus properties are then posted on the web site as being available for sale to the general public through a public bid or auction process for lower value properties, or through a formal request for proposal process for high-value properties that are candidates for the value enhancement process.

Preparing Surplus Property for Sale

In order to obtain the best value for a particular property the state may want to entitle the property which enhances the value by maximizing its sales price.

For large acreage property with no local zoning or development entitlements in place, potential buyers would significantly discount their offers for the property to reflect the uncertainty and risk associated with the local development approval process and the ultimate entitlement potential. As a result, the state would not recognize the actual market value of the property and would forgo significant appreciation in value, particularly in urban areas with very strong real estate markets.

The goal of the AE/SS is to identify surplus properties that have significant up-side potential and to take these properties through the local development pre-entitlement

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

process prior to offering the property for sale. By eliminating the risk for the buyer, the state is in the position to command the maximum value for the property. Many state properties are still sold "as is" because the cost to enhance their values would exceed the potential sale price, or it is doubtful their value can be increased. The initial review by the staff identifies the market, planning, economic, entitlement, and legal work that will be needed to enhance the value of the property. Examples of such work that would be required include, remediation work needed for the property, changing local zoning ordinances, collaborating with local jurisdictions to include the property in a master use plan, and working with local opposition groups to find acceptable and/or compatible uses.

7. What are some of the successes and challenges in carrying out asset management?

Asset Management Successes

(Presenter: James Derby, Assistant Deputy Director, Real Estate Services Division, Department of General Services)

DGS implements a more proactive and successful state asset management program through a number of functions and business processes. Although there has been repeated focus on the identification and sale of surplus property assets, DGS' comprehensive asset management program also includes the following successes:

- ***Green and energy efficiency projects*** – Incorporation of features in state facilities to reduce the state's energy use, water consumption and to reduce its carbon footprint. Currently, over 50 state facilities have achieved LEED certification, including over 30 state-owned office buildings. In addition to pursuing LEED certification for the state's existing building stock, DGS is also employing green building standards (CALGreen) for the design and construction of new state facilities.
- ***Comprehensive asset reporting*** - The identification and annual verification of surplus and underutilized property.
- ***Strategic planning*** - Development of regional facility strategies and the coordination of the state's office space leasing and development programs.
- ***Repurposing surplus property*** - The reuse/repurposing of one state agency's surplus property to address the needs of another state agency (ex. Camarillo State Hospital reuse as the new CSU Channel Islands campus).
- ***State office space development*** - The development of state office building sites consistent with the Capitol Area Plan, providing over 2 million sf of new and renovated space.
- ***Optimizing space utilization*** - Performing space surveys to improve the utilization of existing state office space and reducing the use of privately owned leased office space.
- ***On-site power generation*** - Working with California Department of Corrections and Rehabilitation to maximize opportunities for on-site power generation on underutilized state property.
- ***Leasing of state property*** - Leasing state owned property to address program needs and to generate revenues from temporary underutilized sites.

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

Surplus Property Sales Successes

(Presenter: Robert McKinnon, Assistant Chief, Asset Enhancement and Surplus Sales, Asset Management Branch, Real Estate Services Division, Department of General Services)

In addition to the successes described above, the AE/SS, since its inception in 1990, has accounted for the sale of over 150 surplus state properties and has generated sales revenue in excess of \$500 million. In 1998, the National Association of Directors of Administration and General Services awarded the DGS Asset Enhancement Program an Award of Distinction for the innovative sale of key pieces of the State's surplus real property. Notable asset enhancement/surplus sales successes include the following projects:

- ***Agnews Developmental Center - East Campus - Cisco Systems*** - The Department of Developmental Services (DDS) operated two campuses in Santa Clara County. A 155 acre portion was determined to be surplus to DDS' needs. The "as is" value of the 155 acres was estimated to be \$30-35 million. Following the asset enhancement process, the buyer, Cisco Systems, paid \$91 million, which included infrastructure costs of \$30 million generating approximately \$52 million in revenue for the state. This represents a short-term benefit of \$17 million over the "as is" value.
- ***Agnews Developmental Center - West Campus - SUN Microsystems*** - The second DDS campus located in the city of Santa Clara was closed and declared surplus. This property contained a "core" campus of 82.5 acres and unimproved land of approximately 180 acres. Sun Microsystems purchased the "core" of the West Campus at a gross sales price of \$51 million. The state received approximately \$34 million which includes new improvements on the east campus and shared infrastructure costing the state approximately \$17.5 million, leaving a net return of \$16.6 million.
- ***Agnews Developmental Center - West Campus – Rivermark Development (Centex, Shea and Lennar)*** - Based upon detailed analysis of the site, intense study of local real estate and economic conditions, and the insight of city officials and community interests, the state created a master plan for the property's reuse and development. By working with local government and private sector consultants to master plan the site and gain project entitlements, the overall resale value of the property was increased approximately \$110 million, generating \$166.6 million to the general fund.

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

- **California Institution for Men (CIM) – Chino** - In 2005, in cooperation with the Department of Corrections and Rehabilitation, DGS disposed of 710 acres of excess land located at the California Institution for Men in Chino. The state negotiated pre-sale development entitlements for 2,500 units of new housing including affordable housing which resulted in a sales price of \$120,500,000. The sale also included 100 acres for a new full service community college district and 140 acres of open space for a regional park.

Asset Management Challenges

(Presenter: Joe Mugartegui, Chief, Asset Management Branch, Real Estate Services Division, Department of General Services)

- ***State agencies seeking real estate authority*** - Some state agencies indicate their desire to seek their own legislative authority and others are exercising existing authority to perform real estate functions such as acquisitions, leasing, design, tenant improvements, and construction management including inspections. Decentralizing real estate functions results in a fragmentation of services with agencies assuming responsibility in areas that are not their core, programmatic competency. If agencies begin managing their own real estate projects, they would not benefit from RESD's centralized, multi-discipline, experienced real estate organization, possibly incurring greater cost, project delays, and legal risks for the agency.

Surplus Property Sales Challenges

- ***Legislative Resistance*** - Legislative proposals to declare high value state assets as surplus, for example, San Quentin State Prison, have not been supported by the Legislature.
- ***Policy Issues*** - The state does not have an independent body to review real property assets and make a determination that certain properties are excess to the state's needs and should be authorized as surplus.
- ***Resistance by Land Holding Departments*** - Departments that control property have no incentive to identify excess property since they do not have the opportunity to share in the sale proceeds.
- ***Local Government Zoning Control and Entitlements*** - Reuse and market value is determined by securing development entitlements from local government. Without approvals for highest and best use, sales may not be advantageous to state (reuse or ongoing use may be appropriate), for example, the proposed sale of the Orange County Fairgrounds.
- ***Proposition 60A*** - Revenue from sales is no longer deposited in the General Fund, but rather is used to pay down the Economic Recovery Bonds. Sale proceeds cannot be used to support program needs.

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

8. Where might there be opportunities to improve the way property is used, shared, leased, managed, or sold?

(Presenter: James Derby, Assistant Deputy Director, Department of General Services, Real Estate Services Division)

State Property Emerging Opportunities

Accelerated funding process - Establish a funding source and more expedited process to fund tenant improvements in state office buildings so that available vacant space can be utilized more quickly by a new state tenant. The current capital outlay process is slow, cumbersome and requires incoming tenants to have up-front funding in order to design and construct tenant improvements. The current process is slower and less flexible than a private sector lease where tenant improvements are frequently amortized through the lease.

Alternative project delivery methods - Provide DGS with alternative delivery methods and authority similar to that authorized for the University of California (UC) (ex. Design-Build, Job Order Contracting, Construction Management at Risk) to reduce costs and improve project delivery. UC's current authority was established in 1992 by provisions of Public Contract Code Section 10503, which authorizes the Regents of the University of California to use these additional construction procurement processes for the construction of any university structure, building, road or other improvement. Additionally, the Trustees of the California State University System are also authorized to use Design-Build and Job Order Contracting, as provided in Public Contract Code Section 10708 and 10710.

Additional property uses - Continue identifying underutilized state property that can be used for on-site energy generation projects.

Expedited surplus sales process - The state could establish an expedited process for authorizing the sale of surplus state properties. This could reduce holding costs associated with security of surplus property, maintaining the value of the asset through warm shut-downs, and eliminating the uncertainty of the current surplus process which requires legislation that has not always been enacted on a regular basis.

Agency incentives - Create incentives for agencies to identify and support the sale of surplus state property. This was recommended in previous reports issued by the Little Hoover Commission, but would have to be outside the restrictions imposed by Proposition 60A.

Identification of high-value properties - Continue monitoring the portfolio to identify program reductions and facility closures that free up high-value properties for resale or reuse by another state agency.

Long-term lease of underutilized property - DGS, in cooperation with DDS, under a long-term ground lease with a private developer, will develop an affordable housing project on 10 acres of surplus property located at the Fairview Developmental Center in Costa Mesa. The project will provide 240 units of affordable housing enabling the City to

**Little Hoover Commission
Department of General Services Testimony
For October 25, 2011 Informational Hearing**

meet its affordable housing goals and will provide much needed housing for developmentally disabled individuals. Net revenues generated by the long-term ground lease will be deposited into the General Fund.

ABx4 22 added Government Code Section 11011.2, which authorizes the Director of DGS to identify underutilized state real estate assets and to offer the property for long-term lease in order to generate revenue for the General Fund. The AE/SS is proceeding with the first project under this authorization with the long-term ground lease of 150 acres at the California Institution for Men-Chino. The AE/SS will look to identify additional underutilized properties that represent feasible development opportunities that can generate new revenues for the General Fund.

SUMMARY OF STATE-OWNED REAL ESTATE BY AGENCY

DEPARTMENT NAME	REAL PROPERTIES	FEE ACREAGE	LEASEHOLD ACREAGE	OFFICE STRUCTURES	OFFICE SQ FT	OTHER STRUCTURES	OTHER SQ FT
FISH AND GAME, DEPT OF	567	642,735.24	366,604.67	41	134,140	793	1,182,127
TRANSPORTATION, DEPT OF	508	1,998.47	178.83	406	4,291,708	1,927	3,375,167
FORESTRY AND FIRE PROTECTION, DEPT OF	405	75,034.34	4,524.08	134	376,894	2,104	3,568,158
PARKS & RECREATION, DEPT OF	287	1,333,460.71	201,010.18	285	433,961	5,328	6,187,928
HIGHWAY PATROL, DEPT OF THE CALIF	144	629.30	13.40	112	938,836	72	197,022
MILITARY, DEPT OF	104	5,925.78	105.87	40	190,654	511	3,320,436
MOTOR VEHICLES, DEPT OF	98	241.75	2.99	97	1,835,236	1	6,600
GENERAL SERVICES, DEPT OF	89	2,005.18	9.56	55	15,719,137	82	3,088,041
UNIVERSITY OF CALIFORNIA	88	121,018.80	21.39	0	0	4,027	39,257,723
SANTA MONICA MOUNTAINS CONSERVANCY	83	8,609.35	0.00	4	18,692	47	31,731
LANDS COMMISSION, STATE	79	4,490,500.70	0.00	1	3,325	0	0
JUDICIAL COUNCIL OF CALIFORNIA	77	209.27	0.10	37	2,952,427	1	0
WATER RESOURCES, DEPT OF	51	108,543.69	197.20	0	0	1	0
DISTRICT AGRICULTURAL ASSOCIATIONS	50	3,163.51	396.00	116	295,762	1,208	7,528,519
CORRECTIONS AND REHABILITATION, DEPT OF	48	25,717.83	1.19	543	7,570,326	3,329	33,828,743
CAL STATE UNIVERSITY	36	23,441.28	5.04	194	4,153,866	1,491	67,133,348
FOOD AND AGRICULTURE, DEPT OF	29	119.30	13.11	62	125,228	50	340,763
CENTRAL VALLEY FLOOD PROTECTION BOARD	26	19,718.91	584.15	0	0	0	0
EMPLOYMENT DEVELOPMENT DEPARTMENT	26	40.78	0.00	26	513,490	0	0
HOUSING & COMMUNITY DEVELOPMENT, DEPT OF	24	0.00	345.31	0	0	24	1,560,483
COASTAL CONSERVANCY, STATE	23	3,189.82	0.00	0	0	0	0
VETERANS AFFAIRS, DEPT OF	14	2,511.99	0.00	10	166,206	96	1,919,615
CONSERVATION CORPS, CALIFORNIA	11	176.07	10.12	16	17,460	69	150,541
JUSTICE, DEPT OF	8	10.45	3.19	0	0	6	145,057
COACHELLA VALLEY MOUNTAINS CONSERVANCY	6	2,788.55	0.00	0	0	0	0
DEVELOPMENTAL SERVICES, DEPT OF	6	2,115.90	0.00	56	511,975	511	4,782,269
MENTAL HEALTH, DEPT OF	5	2,669.72	0.00	45	1,701,173	392	4,634,407
BOATING & WATERWAYS, DEPT OF	3	23.33	0.00	0	0	0	0
LOTTERY COMMISSION, CALIFORNIA STATE	3	15.66	0.00	2	199,242	1	73,598
CDE - DIAGNOSTIC CENTERS	2	8.16	0.00	3	95,473	0	0
CONSERVATION, DEPT OF	2	0.26	0.00	1	2,000	0	0
EDUCATION, DEPT OF	2	159.13	0.00	8	37,862	129	872,906
LEGISLATURE	2	2.36	0.00	1	237,000	0	0
PUBLIC HEALTH, CA DEPT OF	2	30.07	0.00	4	377,875	3	349,778
SAN JOAQUIN RIVER CONSERVANCY	2	2,527.10	0.00	0	0	2	4,284
TAHOE CONSERVANCY, CALIF	2	6,422.69	0.00	0	0	2	11,749
AIR RESOURCES BOARD, STATE	1	2.25	0.00	0	0	1	54,000
CONSUMER AFFAIRS, DEPT OF	1	2.51	0.00	1	30,893	0	0
EXPOSITION & STATE FAIR, CALIF	1	854.64	0.00	2	25,920	49	1,073,016
HEALTH PLANNING & DEVEL, OFC STATEWIDE	1	2.43	0.00	0	0	0	0
REHABILITATION, DEPT OF	1	3.20	0.00	1	16,952	3	25,326
SCIENCE CENTER, CALIF	1	152.49	0.00	3	193,263	5	292,614
TOXIC SUBSTANCES CONTROL, DEPT OF	1	52.32	0.00	0	0	0	0
WATER RESOURCES CONTROL BOARD, STATE	1	465.00	0.00	0	0	0	0
Totals	2,920	6,887,300	574,026	2,306	43,166,976	22,265	184,995,949

SACRAMENTO COUNTY AND STATEWIDE LEASE INFORMATION

--- SACRAMENTO COUNTY ---

	TOTAL REPORTED LEASES	DGS MANAGED ONLY
NUMBER OF LEASES:	413	332
TOTAL SQ. FEET OF LEASED OFFICE SPACE:	7,727,195	7,675,616
TOTAL SQ. FEET OF LEASED STORAGE AND "OTHER" SPACE:	2,180,564	2,073,307
TOTAL MONTHLY RENT FOR ALL LEASED SPACE:	\$ 15,894,378	\$ 15,740,570
TOTAL ANNUAL RENT FOR ALL LEASED SPACE:	\$ 190,732,536	\$188,886,840
TOTAL RENT OVER 5 YEARS (ESCALATORS NOT INCLUDED):	\$ 953,662,680	\$944,434,200

--- STATEWIDE ---

	TOTAL REPORTED LEASES	DGS MANAGED ONLY
NUMBER OF LEASES:	2,376	1,865
TOTAL SQ. FEET OF LEASED OFFICE SPACE:	16,639,401	15,800,524
TOTAL SQ. FEET OF LEASED STORAGE AND "OTHER" SPACE:	5,441,706	4,505,717
TOTAL MONTHLY RENT FOR ALL LEASED SPACE:	\$ 38,943,019	\$ 37,048,943
TOTAL ANNUAL RENT FOR ALL LEASED SPACE:	\$ 467,316,228	\$ 444,587,316
TOTAL RENT OVER 5 YEARS (ESCALATORS NOT INCLUDED):	\$2,336,581,140	\$2,222,936,580

AS OF OCTOBER 3, 2011

Attachment C

SUMMARY OF STATE-OWNED REAL ESTATE BY AGENCY

DEPARTMENT NAME	REAL PROPERTIES	FEE ACREAGE	LEASEHOLD ACREAGE	OFFICE STRUCTURES	OFFICE SQ FT	OTHER STRUCTURES	OTHER SQ FT
TRANSPORTATION, DEPT OF	508	1,998.47	178.83	406	4,291,708	1,927	3,375,167
UNIVERSITY OF CALIFORNIA	88	121,018.80	21.39	0	0	4,027	39,257,723
LANDS COMMISSION, STATE	79	4,490,500.70	0.00	1	3,325	0	0
CAL STATE UNIVERSITY	36	23,441.28	5.04	194	4,153,866	1,491	67,133,348
COASTAL CONSERVANCY, STATE	23	3,189.82	0.00	0	0	0	0
Sub-Total	734 25.1%	4,640,149	205	601	8,448,899	7,445	109,766,238

FISH AND GAME, DEPT OF	567	642,735.24	366,604.67	41	134,140	793	1,182,127
PARKS & RECREATION, DEPT OF	287	1,333,460.71	201,010.18	285	433,961	5,328	6,187,928
SANTA MONICA MOUNTAINS CONSERVANCY	83	8,609.35	0.00	4	18,692	47	31,731
CENTRAL VALLEY FLOOD PROTECTION BOARD	26	19,718.91	584.15	0	0	0	0
HOUSING & COMMUNITY DEVELOPMENT, DEPT OF	24	0.00	345.31	0	0	24	1,560,483
COACHELLA VALLEY MOUNTAINS CONSERVANCY	6	2,788.55	0.00	0	0	0	0
SAN JOAQUIN RIVER CONSERVANCY	2	2,527.10	0.00	0	0	2	4,284
TAHOE CONSERVANCY, CALIF	2	6,422.69	0.00	0	0	2	11,749
Sub-Total	997 34.1%	2,016,263	568,544	330	586,793	6,196	8,978,302

FORESTRY AND FIRE PROTECTION, DEPT OF	405	75,034.34	4,524.08	134	376,894	2,104	3,568,158
HIGHWAY PATROL, DEPT OF THE CALIF	144	629.30	13.40	112	938,836	72	197,022
MILITARY, DEPT OF	104	5,925.78	105.87	40	190,654	511	3,320,436
MOTOR VEHICLES, DEPT OF	98	241.75	2.99	97	1,835,236	1	6,600
GENERAL SERVICES, DEPT OF	89	2,005.18	9.56	55	15,719,137	82	3,088,041
JUDICIAL COUNCIL OF CALIFORNIA	77	209.27	0.10	37	2,952,427	1	0
WATER RESOURCES, DEPT OF	51	108,543.69	197.20	0	0	1	0
DISTRICT AGRICULTURAL ASSOCIATIONS	50	3,163.51	396.00	116	295,762	1,208	7,528,519
CORRECTIONS AND REHABILITATION, DEPT OF	48	25,717.83	1.19	543	7,570,326	3,329	33,828,743
FOOD AND AGRICULTURE, DEPT OF	29	119.30	13.11	62	125,228	50	340,763
EMPLOYMENT DEVELOPMENT DEPARTMENT	26	40.78	0.00	26	513,490	0	0
VETERANS AFFAIRS, DEPT OF	14	2,511.99	0.00	10	166,206	96	1,919,615
CONSERVATION CORPS, CALIFORNIA	11	176.07	10.12	16	17,460	69	150,541
JUSTICE, DEPT OF	8	10.45	3.19	0	0	6	145,057
DEVELOPMENTAL SERVICES, DEPT OF	6	2,115.90	0.00	56	511,975	511	4,782,269
MENTAL HEALTH, DEPT OF	5	2,669.72	0.00	45	1,701,173	392	4,634,407
BOATING & WATERWAYS, DEPT OF	3	23.33	0.00	0	0	0	0
LOTTERY COMMISSION, CALIFORNIA STATE	3	15.66	0.00	2	199,242	1	73,598
CDE - DIAGNOSTIC CENTERS	2	8.16	0.00	3	95,473	0	0
CONSERVATION, DEPT OF	2	0.26	0.00	1	2,000	0	0
EDUCATION, DEPT OF	2	159.13	0.00	8	37,862	129	872,906
LEGISLATURE	2	2.36	0.00	1	237,000	0	0
PUBLIC HEALTH, CA DEPT OF	2	30.07	0.00	4	377,875	3	349,778
AIR RESOURCES BOARD, STATE	1	2.25	0.00	0	0	1	54,000
CONSUMER AFFAIRS, DEPT OF	1	2.51	0.00	1	30,893	0	0
EXPOSITION & STATE FAIR, CALIF	1	854.64	0.00	2	25,920	49	1,073,016
HEALTH PLANNING & DEVEL, OFC STATEWIDE	1	2.43	0.00	0	0	0	0
REHABILITATION, DEPT OF	1	3.20	0.00	1	16,952	3	25,326
SCIENCE CENTER, CALIF	1	152.49	0.00	3	193,263	5	292,614
TOXIC SUBSTANCES CONTROL, DEPT OF	1	52.32	0.00	0	0	0	0
WATER RESOURCES CONTROL BOARD, STATE	1	465.00	0.00	0	0	0	0
Sub-Total	1,189 40.7%	230,889	5,277	1,375	34,131,284	8,624	66,251,409

Totals	2,920	6,887,300	574,026	2,306	43,166,976	22,265	184,995,949
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These entities have their own in-house real estate staff and/or use consultants to address their real estate needs.

DPR and DFG have historically acquired property for purposes of providing the public with recreational opportunities, preserving historical sites and landmarks, and for the preservation of or access to wildlife areas and ecological preserves. Many of these properties were acquired through voter approved bond measures and are held by the state for the public trust. State parks, wildlife areas, and ecological preserves are usually acquired only after careful study and master planning by these agencies.

The Conservancies were created to acquire property in order to preserve important and environmentally sensitive regions being threatened by ever increasing environmental pressure from residential and commercial development.

HCD owns a number of residences statewide which consist of low income housing and residences that have been taken back by the state through loan default.