



**DEPARTMENT OF
FINANCE**
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR

STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 11, 2017

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Addition of Budget Bill Item 7760-301-0666 and Trailer Bill Language, Capital Outlay,
Department of General Services**

Sacramento Region: R Street Parking Structure-Acquisition—It is requested that Item 7760-301-0666 be added in the amount of \$1,660,000 to allow the Department of General Services (DGS), in partnership with the Capitol Area Development Authority (CADA), to acquire two parcels of land, located between Q, R, 8th, and 9th Streets, to accommodate the R Street Parking Structure project (see Attachment 1).

It is also requested that trailer bill language be adopted to: (1) authorize DGS to enter into an agreement with CADA to construct the parking garage at a cost not to exceed \$30 million, (2) authorize DGS to enter into lease agreements necessary for the financing of the facility, (3) authorize the use of the California Infrastructure and Economic Development Bank Infrastructure Program to allow CADA to secure project financing, and (4) allow demolition of the R Street Warehouse (see Attachment 2).

Current DGS-managed state garages in Sacramento have a waiting list of approximately 2,500 state employees. This project will help alleviate this problem, and will provide additional parking to support the planned construction of two new state office buildings (the Natural Resources Headquarters Building and the O Street Office Building). The structure will provide 800 parking stalls, electric vehicle charging stations, retail shops on the ground floor, and after-hours parking to support the retail establishments along the R Street Corridor. The project also includes demolition of the existing 38,000 gross square foot R Street Warehouse, which was constructed in 1952 and purchased by the state in 1999 as a site for a future parking structure.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Sally Lukenbill, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachments

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Jim Cooper, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jennifer Osborn, Deputy Secretary, Fiscal Policy and Administration, California Government Operations Agency
Mr. Daniel C. Kim, Director, Department of General Services
Ms. Jacque Roberts, Senior Advisor, Department of General Services
Mr. Jim Martone, Branch Chief, Asset Management Branch, Department of General Services
Mr. Miles Burnett, Deputy Director, Administration Division, Department of General Services

7760-301-0666—For capital outlay, Department of General Services, payable from the Service Revolving Fund..... 1,660,000

Schedule:

(1) 0000910- Sacramento Region: R Street Parking Structure—Acquisition..... 1,660,000

Provisions:

1. This appropriation is subject to Property Acquisition Law, commencing with Section 15850 of the Government Code.
2. The Department of General Services is authorized to enter into an agreement with the Capitol Area Development Authority to complete the acquisition authorized in Schedule 1.
3. Neither the State Public Works Board nor the Department of Finance shall 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 action, approval, or authorization provided with respect to the activities authorized by this item. This provision does not exempt the Department of General Services from the requirements of the California Environmental Quality Act. This provision is declaratory of existing law.

Government Code 14678.7 is added to read:

14678.7. (a) The state currently owns certain property in the City of Sacramento along R street between 8th and 9th streets and the Legislature has authorized the acquisition by the department in partnership with the Capitol Area Development Authority (CADA) of additional adjacent property in the Budget Act of 2017 for the purpose of allowing the development of a parking structure for state employees as well as to compliment local efforts to increase evening and weekend visitation in downtown Sacramento.

(b) The department may enter into one or more leases, as lessor or lessee, and other related agreements for the state owned real property described in subsection (a) with CADA under which CADA will be responsible for developing a parking structure with approximately 800 parking spaces together with associated retail space. The development is to include demolition of improvements currently on the property. The state cost associated with the R Street parking structure project, excluding financing costs, shall not exceed \$30 million. The terms of any such leases and related agreements will be subject to the approval of the Department of Finance. Legislative notice will be required pursuant to section 13332.10.

(c) After having secured the necessary leasing and contractual arrangements with the department for development, financing and operations, CADA may enter into a financing arrangement for the development, design and construction of the R street parking structure project through the California Infrastructure and Economic Development Bank (IBank) utilizing IBank's Infrastructure State Revolving Fund Program. A project financed through the IBank Infrastructure State Revolving Fund Program will be subject to the Bergeson-Peace Infrastructure and Economic Development Bank Act and the Criteria, Priorities and Guidelines established by IBank.

(d) The department may charge employees and the general public for use of the parking structure. Upon completion, all revenues generated from the R street parking structure project are to be deposited by the department in the Motor Vehicle Parking Facilities Money Account and the funds in this account shall be the source of funds the department uses to make lease payments to CADA commensurate with CADA's costs of development and financing the R street parking structure project.

(e) The repayment terms of the IBank loan to CADA shall not exceed 30 years. Upon loan repayment, the leases shall terminate and title to the R street parking structure shall vest in the state.



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Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Various Budget Bill Items, Support, California Public Employees' Retirement System

It is requested that the California Public Employees' Retirement System (CalPERS) proposed budget, which the CalPERS Board (Board) is anticipated to approve at its May 2017 Board meeting, be incorporated into the Budget Act. The request is comprised of changes to the following items:

- Decrease Item 7900-001-0822 by \$20,441,000
- Increase Item 7900-001-0950 by \$20,441,000
- Decrease Item 7900-003-0830 by \$118,489,000
- Increase Item 7900-015-0815 by \$31,000
- Decrease Item 7900-015-0820 by \$20,000
- Decrease Item 7900-015-0830 by \$5,416,000
- Decrease Item 7900-015-0833 by \$291,000
- Increase Item 7900-015-0849 by \$436,000
- Increase Item 7900-015-0884 by \$195,000

With the exception of the first two items, the Budget Bill items mentioned above are display items for informational purposes to reflect a corresponding change in CalPERS' continuous appropriation authority. All of these changes reflect the fiscal year 2017-18 budget proposed during the April 19, 2017 Board meeting, and anticipated to be approved in May. The budget proposed by CalPERS reflects a decrease of \$123,554,000 primarily driven by a continued reduction in external investment management fees.

It is also requested that Control Section 4.20 be amended (see Attachment 1) to support the administrative expenses of the CalPERS health care program, consistent with Item 7900-001-0950.

The effect of my requested action is reflected in the attachment.

If you have any questions or need additional information regarding this matter, please call Evelyn Suess, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN

Director

By:

/s/ Amy M. Costa

AMY M. COSTA

Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Nancy Skinner, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Jim Cooper, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Marlene Timberlake D'Adamo, Interim Chief Financial Officer, California Public Employees' Retirement System
Ms. Rose McAuliffe, Division Chief, Financial Planning, Policy and Budgeting, California Public Employees' Retirement System
Mr. Michael Siu, Budget Manager, California Public Employees' Retirement System
Ms. Jennifer Osborn, Deputy Secretary, Fiscal Policy and Administration, Government Operations Agency

“SEC. 4.20. Notwithstanding any other provision of law, the employer’s contributions to the Public Employees’ Contingency Reserve Fund, as required by Section 22885 of the Government Code, shall be ~~0.49~~0.55 percent of the gross health insurance premiums paid by the employer and employee for administrative expenses. The Director of Finance may, not sooner than 30 days after notification to the Joint Legislative Budget Committee, adjust the rate to ensure a one-month reserve in the Public Employees’ Contingency Reserve Fund.”



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Amendment to Budget Bill Item 7920-011-0001, Support, California State Teachers' Retirement System

It is requested that Item 7920-011-0001 be increased by \$3,703,000 to reflect an increase in creditable compensation reported by the California State Teachers' Retirement System for fiscal year 2015-16, pursuant to statute. The Defined Benefit payment will be increased by \$801,000, the Pre-1990 Defined Benefit Level payment will be increased by \$1,909,000, and the Supplemental Benefit Maintenance Account contribution will be increased by \$993,000. These adjustments represent existing statutory funding requirements.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Evelyn Suess, Principal Program Budget Analyst, at (916) 445-3274.

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Director

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Jack Ehnes, Chief Executive Officer, California State Teachers' Retirement System
Mr. Grant Boyken, Public Affairs Executive Officer, California State Teachers' Retirement System
Ms. Robin Madsen, Chief Financial Officer, California State Teachers' Retirement System
Mr. Art Martinez, Assistant Chief Financial Officer, California State Teachers' Retirement System
Ms. Anela Hanohano-Kjer, Budget Officer, California State Teachers' Retirement System
Ms. Jennifer Osborn, Deputy Secretary, Fiscal Policy and Administration, Government Operations Agency