

Sale-Leaseback Initiative Frequently Asked Questions (FAQs)

The State of California is currently under contract to sell 11 State-owned properties to California First LLC. The DGS understands that State tenants currently housed in these properties have many questions about this initiative. In an effort to address as many questions as possible in an efficient, timely manner, the DGS has established this Frequently Asked Questions (FAQs) page on the DGS web site (www.dgs.ca.gov). This FAQ page will have the most current information about the sale-leaseback initiative.

The questions and answers offered below apply to a majority of our State tenants in these properties. This list is not intended to answer every question for every State tenant. Several of our State tenants have unique property management, facility and security needs that cannot be addressed in this document. However, these concerns will be addressed with the new private-sector management firm(s) retained by California First LLC. Some of the information provided in this FAQ document will continue to evolve after California First LLC takes over management of these properties.

The 11 State-owned properties that are part of the sale-leaseback initiative are:

- Attorney General Building, 1300 I Street, Sacramento
- Capitol Area East End Complex, 1430 N Street; 1500, 1501, 1615 and 1616 Capitol Avenue, Sacramento
- Department of Justice Building, 4949 Broadway, Sacramento
- Franchise Tax Board Complex, 9645 Butterfield Way, Sacramento
- California Emergency Management Agency Building, 3650 Schriever Avenue, Sacramento
- Judge Joseph Rattigan Building, 50 D Street, Santa Rosa
- Elihu Harris Building, 1515 Clay Street, Oakland
- Edmund G. Brown Building (Public Utilities Commission), 505 Van Ness Avenue, San Francisco
- San Francisco Civic Center, 350 McAllister Avenue and 455 Golden Gate Avenue, San Francisco
- Junipero Serra State Building, 320 West Fourth Street, Los Angeles
- Ronald Reagan State Building, 300 South Spring Street, Los Angeles

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- Q1: Who will manage the buildings after the private-sector buyer/owner closes escrow on the portfolio of eleven (11) State-owned properties?
- A1: A private-sector, commercial property management company (or companies) will be hired by the Buyer to manage all properties.
- Q2: Will DGS' Building and Property Management (BPM) staff still be involved in management of the buildings?
- A2: Yes. There will be a BPM liaison group that will be the single-point-of-contact for building management questions/issues for State tenants. BPM will no longer maintain on-site management offices; they will operate from a remote location and coordinate/interact promptly with the private-sector, commercial property management company and/or the owner's representatives to resolve questions/issues. BPM and other DGS staff will meet with the private-sector commercial property management company and/or the owner's representatives to refine/document this process.
- Q3: How many leases will there be?
- A3: There will be eleven (11) leases, one for each property being sold. Each property has unique characteristics that will be represented in each lease.
- Q4: Who will pay rent to the Buyer/Owner?
- A4: The DGS will be the master Lessee for all eleven (11) properties. This means that DGS' name is on all of the leases and that the rents required to pay the Buyer/Owner will be established in DGS' support budget. All State tenants will reimburse DGS for their respective rent at each property.
- Q5: As a State tenant, what if I can't afford the new rent?
- A5: The Budget Act includes Control Section 4.65 proposed by the State's Department of Finance and approved by the Legislature which provides the DOF authority adjust departmental budgets for their rental costs. The Control Section language is as follows: SEC. 4.65.
- (a) Notwithstanding any other provision of law, the Director of Finance may adjust amounts in each appropriation item for rental costs associated with the sale-leaseback of state properties as authorized in Section 14670.13 of the Government Code.
 - (b) Notwithstanding any other provision of law, the allocation may be made from funds appropriated for this purpose or from any other funds legally available for this purpose.
 - (c) The Director of Finance shall report to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations not more than 30 days prior to making any adjustment, pursuant to this section.

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- Q6: Is there a document that will capture how each building will be run?
A6: The DGS is in the process of preparing Tenant Facility Management Plans (TFMPs) for each property. The TFMP will document details about how the building will be run, including lease administration, budgeting, rent/utilities, tenant improvements, etc. The final TFMP for each property will be shared with each State tenant after it has been reviewed and approved. BPM and other DGS staff will meet with the private-sector commercial property management company and refine this process.
- Q7: Who will be responsible for helping State tenants modify their space?
A7: All tenants will continue to submit a CRUISE request to the Asset Management Branch (AMB) will any/all project requests. AMB will coordinate with all appropriate service providers.
- Q8: Will the child care centers, cafeteria/vending operators and retail tenants continue to run their businesses at the building?
A8: The State will continue to sublease to child care centers, cafeteria/vending operators, and retail tenants.
- Q9: How will utility bills be handled?
A9: The BPM management group will continue to monitor utility usage at all properties. Tenants will continue to be assessed and billed based on the amount of space that they occupy. Tenants will incur additional charges for after-hour usage.
- Q10: Will tenants be charged by the new owner for use of the training rooms and auditoriums?
A10: No. Leased provide tenants access to training rooms and auditoriums at no extra charge. The BPM liaison group will manage access and scheduling for training rooms and auditoriums.