



## Water, mold dampening Board of Equalization HQ

By **John Howard** | 04/02/09 12:00 AM PST

The trouble-plagued headquarters of California's tax appeals board has been hit by yet another round of flooding and mold. The repair bill stands at \$29 million during the past three years alone, and state employees are wondering whether the building is truly jinxed.

"It's still wet," said Anita Gore, spokeswoman for the Board of Equalization, the agency that sets utilities' property-tax values, fields taxpayers' appeals and collects the state's sales taxes, among other chores.

The 24-story building at 5th and N, home to about 2,200 board employees, has a history of problems, most related to water.

Two floors are relegated to maintenance and building operations. Of the remaining 22 floors that house workers, six are closed due to flooding or mold – or both.

Last week, a "chiller pipe" – a water-carrying link to an air conditioning unit – burst on the 9th floor, and sent some 5,000 to 8,000 gallons of water cascading down a stairwell. The water soaked the ground floor, and along the way caused damage at the second, third, sixth, seventh, eighth and ninth floors. The eighth floor was especially hard hit.

"That floor got the bulk of the water damage. The humidifiers and blowers and air scrubbers have been working up there for the past week to dry it out," Gore said this week.

As the water poured down it damaged the walls near the stairwell, soaking and weakening the sheet rock. When repair workers cut into the walls to remove the damaged material, they found what appeared to be mold. That, too, now has to be cleaned up. Mold also is suspected on the ground floor. About 275 workers were placed on administrative time off; by mid-week, all but 40 had returned to work.

The incident is just the latest round of water damage episodes to make life miserable at the building, which opened in 1993.

The 11th floor has been closed since last March because of a pipe burst, and its reopening is uncertain as state repair crews replace areas hit by mold. The water-logged eighth and ninth floors also are closed, although they are expected to reopen as soon as next week.

"And our taxpayer records were on that (11th) floor, and so we needed to get the paper records off the floor," Gore said. "They moved to West Sacramento along with the 50 staff members that process them."

The 22nd, 23rd and 24th floors have been closed since the fall of 2007 – again, because of a suspected mold problem.

About 200 Board of Equalization workers are being housed at the Franchise Tax Board offices in suburban Sacramento.

Water has caused problems in the building for years, either through seepage from the outside or through internal pipe breakage.

Since 2006, the state has spent about \$29 million in repair costs. About \$12 million of that covered the costs of replacing seals that failed prematurely in the building's glass curtain walls.

The long-running problems are fueling a spat between the board and the Department of General Services, which owns and operates the building. Segments of the state bureaucracy often have friction when they interact with each other, but the tensions typically are kept internally among staff members and rarely reach the level of public notice.

Not so with intensifying water war between the board and General Services.

"While DGS claims to have completed the work on the top three floors, BOE management will not place employees back into that space until it has assurances that general U.S. Environmental Protection Agency guidelines for mold remediation are met," the board said tartly in a press release.

The board noted that it had "requested a comprehensive report from DGS" on the water damage, but that "DGS is not complying with this request."

The DGS said that it has worked closely with the board to fix the problems, and that it already has finished the work on the top three floors, but that the board continues to leave the three floors empty.

"We have worked aggressively to deal with every situation that has come up," said DGS spokesman Eric Lamoureux. "We have continually tested the air to make sure it's clean. We've done tests to make sure that building is safe for all employees." He suggested that the board is using the building's problems to leverage new office space.

"The building is over capacity and they need more space, but that doesn't mean that we'll be moving everybody out," Lamoureux added.

Privately, state officials also are concerned that the costs could increase further if large numbers of state workers begin filing workers compensation insurance claims related to the water damages. A number of such claims have been filed.

Apparently, the Department of General Services does not intend to seek compensation from the construction contractor that handled the original job.

Meanwhile, board Chairwoman Betty Yee confirmed that "the board is seeking new office space for its workers."

"We are over capacity in our headquarters building, even with access to all 24 floors," Yee said. "At our February meeting, the board directed the staff to find space for 500 employees at an alternate location immediately, and to ultimately find space with the potential to accommodate all headquarters employees."

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