



State Moonlights as Slumlord

By George Runner

If a recent study to determine the safety of 29 state-owned buildings tells us anything, it's that the state is a terrible landlord. In fact, it may be time for government to get out of the building-owning business.

It shouldn't take an act of the Legislature to get the state agency in charge of building maintenance to do its job. Without last year's successful legislative push by former Assemblyman Roger Dickinson, it's highly unlikely the Department of General Services would have commissioned the study by Hellmuth, Obata & Kassabaum.

A key reason for Dickinson's legislation was the troubled state Board of Equalization's headquarters at 450 N St., located a few blocks away from the site of the new Sacramento Kings arena.

For years, the 24-story BOE tower has been plagued with water leaks, sewage leaks and mold. Since 2012, scaffolding has ominously surrounded the building to protect pedestrians and employees from falling glass. The repairs will cost an additional \$40 million on top of the \$60 million already expended.

The study identified 11 state-owned buildings in worse condition than the BOE building. The worst is the 51-year-old State Resources Building in downtown Sacramento, which holds more than 2,300 state workers. The building is in such poor shape that the report calls for \$148 million in spending this year to address deferred maintenance and safety concerns.



To protect pedestrians from falling glass, scaffolding has surrounded the Board of Equalization headquarters since 2012, with no end date in sight.

Sacramento Bee columnist Dan Walters observes that, unlike state facilities, most privately owned office buildings in Sacramento – even older ones like the Citizen Hotel – are well-maintained in order to attract tenants.

In the short-term, the study may spur some catch-up maintenance, but in the long run the same problems are likely to reappear because the study fails to diagnose why the state takes such poor care of its buildings.

Walters offers one possible explanation: “With captive tenants, no competition, no bottom line and uninterested political overseers, bureaucrats apparently felt no pressure to do their jobs correctly.”

Additionally, buildings are exempt from local building codes, inspections and enforcement mechanisms that cities use to crack down on deadbeat private property owners. Penalties range from fines to jail time. But not for government; the state gets to play by a different set of rules.

Finally, there just isn’t much incentive for politicians to spend money on buildings. Building maintenance isn’t a sexy issue, and it’s going to lose nearly every time when competing with popular programs for limited funds. Most lawmakers prefer to spend public dollars in ways that communicate they’re tackling major issues for the voters who elected them.

Case in point: Despite receiving billions in surplus revenue, the governor and Legislature chose not to tackle the state’s facility problems in the record \$115 billion state budget approved in June.

The neglect of government-owned facilities isn’t a new or partisan issue. Democrat and Republican lawmakers are equally responsible for the poor condition of many state-owned buildings.

The federal government has problems managing its buildings, too. In 2012, the U.S. Government Accountability Office estimated that 77,000 empty or underutilized buildings may cost taxpayers \$1.7 billion a year. Although some steps were taken to address the problem, the GAO warned again this year that “the underlying challenges remain.”

Given its poor track record, the state ought to reconsider whether it should own buildings. Rather than build new buildings or try to repair existing ones, the state should lease the space it needs from private-sector firms who know how to take care of their property.

A government that does few things well should probably stick to doing a few things. And clearly taking care of buildings isn’t one of them.

George Runner represents more than nine million Californians as a taxpayer advocate and elected member of the State Board of Equalization.