

2000-01 Analysis

MAJOR ISSUES

Capital Outlay



Action Steps for Funding Higher Education Capital Outlay

- The state should invest in higher education capital outlay projects that will result in maximum educational benefits statewide. This can be done by considering all capital outlay proposals across higher education rather than for each segment in isolation of the others and evaluating capital needs using statewide guidelines.
- We recommend several action steps for the Legislature to take to initiate a process that will allow the use of limited resources to maximum effect. (See page G-15.)



Department of Forestry and Fire Protection Capital Outlay Program Over Budget and Behind Schedule

- The estimated cost of 23 projects approved by the Legislature in the *1998-99* and *1999-00 Budget Acts* are over budget by \$13.9 million (an average of 52 percent). For several projects, the proposed scope of work is less and the cost more.
- We have withheld recommendation on the department's entire \$62.4 million capital outlay request pending receipt of information addressing the problems in implementing the capital outlay program. (See page G-37.)



Inmate Day Labor Should Result in Significant Savings

- The Department of Corrections uses inmates and private trades personnel to construct various prison projects. This should result in significant savings, yet the department is asking for a \$4.6 million (an average of 36 percent) increase in the amount for 18 projects previously approved based on using inmate labor.

- We recommend that if the department cannot achieve significant savings compared to private contracting for construction, the Legislature prohibit the use of inmate labor on major capital outlay projects. (See page G-51.)



Construction Cost for UC Buildings Too High

- The University of California (UC) is the only segment of higher education that does not use construction cost guidelines.
- We compared the construction cost of 15 recent UC research facilities with 192 public and private comparable research laboratory buildings. The UC facilities were 32 percent to 46 percent more costly than the comparable buildings.
- We recommend the Legislature apply construction cost guidelines when funding UC facilities. For undergraduate and other nonresearch facilities, we recommend using California State University cost guidelines. For research facilities we recommend reducing the amounts requested in the budget by 32 percent. (See page G-68.)



No Information on Proposals for UC Merced or Institutes For Science and Innovation

- The budget includes \$14.3 million for initial development of the UC Merced campus and \$75 million for three Institutes for Science and Innovation at undetermined UC campuses.
- We withhold recommendation pending receipt of information defining the proposals and substantiating the requested amounts. (See pages G-76 and G-77.)

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OVERVIEW

Capital Outlay

Funding for capital outlay totals about \$1.2 billion. The budget proposes a 39 percent increase in pay-as-you-go funding and does not include any debt financing using lease-payment bonds.

The 2000-01 Governor's Budget proposes \$1.2 billion for capital outlay programs (excluding highway and rail programs, which are discussed in the Transportation section of this *Analysis*). This is spending on physical assets—college buildings, state parks, and prisons. (Spending to pay off debt on those assets financed with bonds is discussed later in this section.) The proposed amount is a decrease of \$367 million (24 percent) from current-year appropriations. Most of this decrease is in the area of prisons, where construction of a new prison in Delano, Kern County, was funded in the current year. No new prisons are proposed in the 2000-01 Governor's Budget.

SPENDING BY AREA

Figure 1 (see next page) compares the amounts appropriated for capital outlay in the current year to the amounts proposed in the budget for each general organizational area. As shown in the figure, the largest decrease is in the area of youth and adult corrections (\$342 million) and the largest increase is in higher education (\$83 million).

SPENDING BY DEPARTMENT

Figure 2 (see next page) shows the amounts each department requested for capital outlay funding in 2000-01, the amounts included in the Governor's budget, and the future cost for these projects. As shown

in the figure, an estimated \$991 million will need to be appropriated in the future in order to complete these projects. Thus, the request before the Legislature represents a total cost of nearly \$2.2 billion.

Figure 1**State Capital Outlay Program**

1999-00 and 2000-01
(In Millions)

	1999-00 Appropriations	2000-01 Governor's Budget	Difference
Legislative, Judicial, and Executive	\$48.7	\$19.2	-\$29.5
State and Consumer Services	3.9	5.4	1.5
Transportation (excluding highways and rail)	31.7	34.4	2.7
Resources	253.3	199.3	-54.0
Health and Human Services	51.4	10.5	-40.9
Youth and Adult Corrections	485.4	143.4	-342.0
Education	1.1	8.5	7.4
Higher Education	648.5	731.3	82.8
General Government	10.7	15.6	4.9
Totals	\$1,534.7	\$1,167.5	-\$367.2

Figure 2**Summary of Proposed 2000-01 Capital Outlay Program**

All Funds
(In Thousands)

Department	Requests	Governor's Budget		Totals
		Proposed 2000-01	Future Cost ^a	
Legislative, Executive, and Judicial				
Judicial Council	\$5,004	\$5,004	— ^b	\$5,004
Justice	14,240	14,240	—	14,240
State and Consumer Services				
Franchise Tax Board	\$126	\$126	—	\$126
General Services	5,264	5,264	— ^b	5,264

Continued

Department	Requests	Governor's Budget		
		Proposed 2000-01	Future Cost ^a	Totals
Business, Transportation, and Housing				
Transportation	\$8,937	\$8,937	\$204,848	\$213,785
Highway Patrol	10,517	7,361	6,045	13,406
Motor Vehicles	19,084	18,073	5,108	23,181
Resources				
Tahoe Conservancy	\$10,956	\$10,956	—	\$10,956
Conservation Corps	1,181	1,181	\$12,500	13,681
Forestry and Fire Protection	81,513	62,420	64,826	127,246
Fish and Game	508	508	3,369	508
Wildlife Conservation Board	50,772	50,772	—	50,772
Boating and Waterways	13,709	9,307	1,824	11,131
Coastal Conservancy	36,755	36,755	—	36,755
Parks and Recreation	48,864	19,659	24,500	44,159
Water Resources	7,500	7,500	—	7,500
Air Resources Board	259	259	2,142	2,401
Health and Human Services				
Health Services	\$4,034	\$4,034	—	\$4,034
Mental Health	9,633	2,099	— ^b	2,099
Employment Development	4,720	4,083	—	4,083
Rehabilitation	295	295	—	295
Youth and Adult Corrections				
Corrections	\$157,012	\$117,061	\$37,026	\$154,087
Youth Authority	20,598	26,371	15,313	41,684
Education				
Education	\$7,715	\$7,958	\$2,504	\$10,462
State Library	510	510	— ^b	510
Higher Education				
University of California	\$212,691	\$287,691	\$392,991	\$680,682
California State University	505,534	153,350	114,728	268,078
Community Colleges	311,097	290,194	76,998	367,192
General Government				
Food and Agriculture	\$19,845	\$1,936	\$20,521	\$22,457
Military	2,540	2,540	4,276 ^c	6,816
Veterans' Homes of California	9,100	9,100	1,263	10,363
Unallocated Capital Outlay	2,000	2,000	—	2,000
Totals	\$1,582,513	\$1,167,544	\$990,782	\$2,158,326

^a Department estimates.

^b No information on future costs.

^c Includes \$1.953 million in federal funds not included in the state budget.

FUNDING SOURCES FOR CAPITAL OUTLAY SPENDING

The Governor’s budget proposes funding the capital outlay program from bonds, the General Fund, special funds, and federal funds.

Figure 3 compares the sources of funds for the 1999-00 capital outlay program to those proposed in the 2000-01 Governor’s Budget. As shown in the figure, the budget proposes increasing the amount for direct appropriations from the General Fund, special funds, and federal funds by a total of \$137.3 million (37 percent). General Fund appropriations include increases of \$75 million for the University of California and \$78.5 million for youth and adult corrections. These increases are partially offset by a \$70 million reduction in the area of resources. With regard to debt financing, the budget includes \$662 million from general obligation bonds, of which \$656 million are for higher education. The budget does not include any proposed financing from lease-payment bonds.

Figure 3		
Sources of Funds for Capital Outlay Program		
<i>1999-00 and 2000-01 All Funds (In Millions)</i>		
Funds	1999-00	2000-01 Governor’s Budget
General Fund	\$305.6	\$398.3
General obligation bonds	760.9	662.1
Lease-payment bonds	405.7	—
Special funds	56.9	96.8
Federal funds	5.6	10.3
Totals	\$1,534.7	\$1,167.5

Figure 4 displays the proposed funding for each department by fund source.

Figure 4**Proposed 2000-01 Capital Outlay Program
Appropriations by Fund Type***(In Thousands)*

Department	Bonds	General	Special	Federal	Total
Judicial Council	—	\$5,004	—	—	\$5,004
Justice	—	14,240	—	—	14,240
Franchise Tax Board	—	126	—	—	126
General Services (seismic retrofit)	\$818	—	—	—	818
General Services (other)	—	4,446	—	—	4,446
Transportation	—	—	\$8,937	—	8,937
Highway Patrol	—	—	7,361	—	7,361
Motor Vehicles	—	—	18,073	—	18,073
Conservation Corps	—	1,181	—	—	1,181
Tahoe Conservancy	—	4,885	6,071	—	10,956
Forestry and Fire Protection	—	62,420	—	—	62,420
Fish and Game	—	375	40	\$93	508
Wildlife Conservation Board	—	30,000	20,772	—	50,772
Boating and Waterways	—	—	9,307	—	9,307
Coastal Conservancy	—	25,980	8,775	2,000	36,755
Parks and Recreation	—	3,849	15,810	—	19,659
Water Resources	—	6,500	1,000	—	7,500
Air Resources Board	—	—	259	—	259
Health Services	—	4,034	—	—	4,034
Mental Health	—	2,099	—	—	2,099
Employment Development	—	—	—	4,083	4,083
Rehabilitation	—	295	—	—	295
Corrections	—	117,061	—	—	117,061
Youth Authority	—	26,371	—	—	26,371
Education	—	7,958	—	—	7,958
State Library	—	510	—	—	510
University of California	212,691	75,000	—	—	287,691
California State University	153,350	—	—	—	153,350
Community Colleges	290,194	—	—	—	290,194
Food and Agriculture	—	1,511	425	—	1,936
Military	—	2,504	—	36	2,540
Veterans' Home of California	5,021	—	—	4,079	9,100
Unallocated	—	2,000	—	—	2,000
Totals	\$662,074	\$398,349	\$96,830	\$10,291	\$1,167,544

BOND FUNDING AND DEBT PAYMENTS

Over the last several years, the majority of capital outlay has been funded with bonds. In the 1990s, the voters have authorized \$25.6 billion in general obligation bonds. Most of these authorizations have been for K-12 schools (\$13.1 billion), higher education (\$4.8 billion), and transportation (\$5 billion). In addition to these general obligation bonds, the Legislature has authorized \$6.5 billion in lease-payment bonds since 1990. These bonds have funded higher education facilities, prisons, state office buildings, state laboratories, and state homes for veterans.

Debt Payments

As shown in Figure 5, the state's debt payments on bonds will be about \$2.9 billion in the budget year—an increase of 7.5 percent over current-year costs. There are two components of this debt:

- **General Obligation Bonds.** The estimated budget-year cost of debt payments on general obligation bonds is \$2.2 billion from the General Fund—an increase of \$174 million over current-year payments.
- **Lease-Payment Bonds.** The state's cost for debt on lease-payment bonds will be about \$655 million in 2000-01—an increase of 4 percent over the current year. We estimate that about 92 percent of this debt is paid by the General Fund.

Debt for lease-payment bonds continues to grow as a share of total debt costs. For example, lease-payment debt was 13 percent of total debt payments in 1990-91 and will increase to 23 percent in the budget year. (As noted above, the Governor's budget includes no new authorizations for lease-payment bonds.)

Figure 5 also shows, with sales of *currently authorized bonds*, total debt payments will increase to \$3.2 billion in 2005-06 and decline thereafter. This amount does not include any bonds that may be approved in the March 2000 election.

Debt Payments As a Percent of General Fund Revenue

We estimate that the amount of debt payments on General Fund-backed bonds as a percent of state General Fund revenue (that is, the state's debt ratio) will be 3.9 percent for the budget year. As shown in Figure 6, this ratio rose significantly in the early 1990s, and has declined for the last four years because of stronger General Fund revenue growth. We estimate that, as *currently authorized bonds* are sold, the debt ratio will increase to 4 percent in 2001-02 and decline thereafter (assuming no further bond authorizations).

Figure 5

General Fund Bond Debt Service^a

1995-96 Through 2005-06
(In Billions)

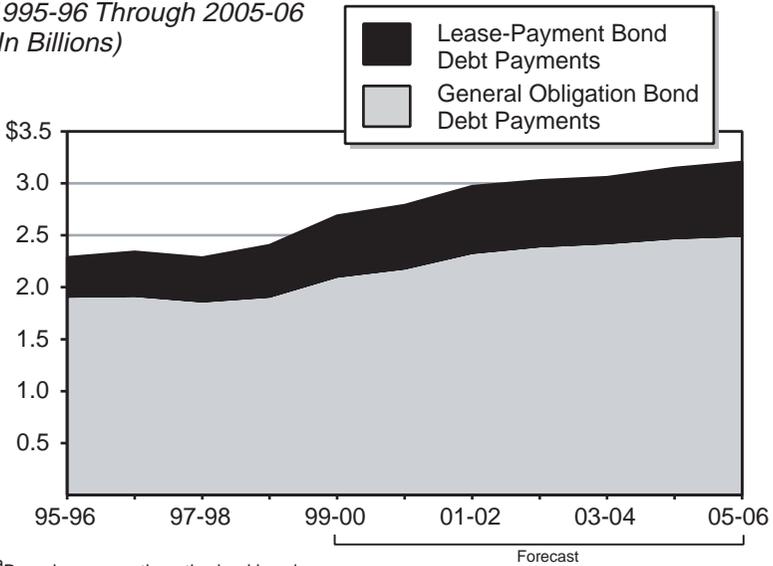
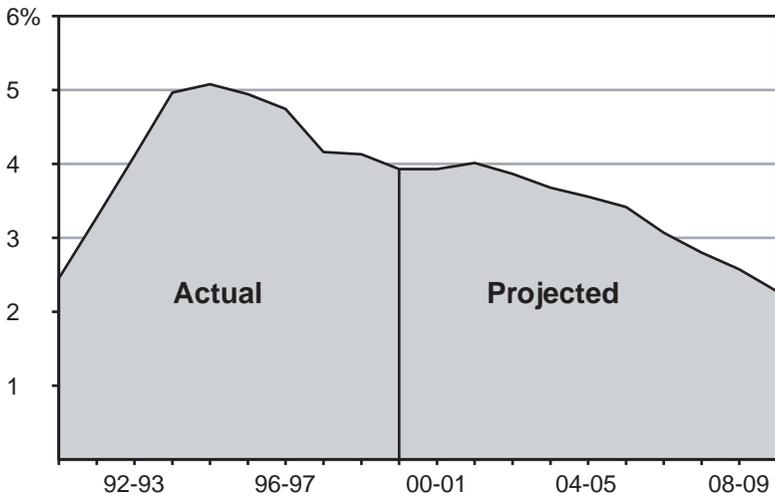


Figure 6

Debt Service Ratios^a

1990-91 Through 2009-10



CROSSCUTTING ISSUES

Capital Outlay

ACTION STEPS FOR FUNDING HIGHER EDUCATION CAPITAL OUTLAY

We recommend the Legislature evaluate capital outlay proposals by the three segments as a statewide system rather than independent segments and apply statewide guidelines when making funding decisions. This will allow the state to use limited resources to maximum effect.

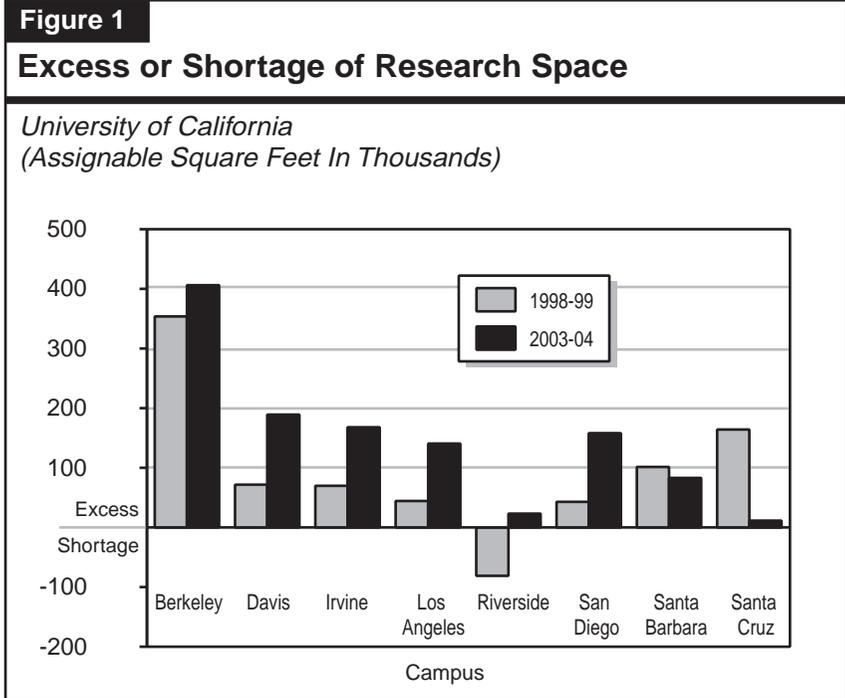
With limited resources, the state should invest in higher education capital outlay projects that will result in maximum educational benefit statewide. This can be done by considering all capital outlay proposals across higher education rather than for each segment in isolation of the others and evaluating capital needs using statewide guidelines. This will allow the highest priority projects to be funded and permit the state to provide a high quality educational opportunity to all qualified students.

To have such a legislative review and approval process, we recommend the Legislature take the following actions:

- ***Appropriate Funds on the Basis of Statewide Priorities and Criteria, Not the “One-Third” Formula Used in Recent Years.*** In recent years the California Community Colleges (CCC), California State University (CSU), and University of California (UC) agreed with the administration to allocate approximately equal amounts of voter-approved bond funds to each segment in the budget.

Using an arbitrary formula like this does not take into account different needs of the segments and campuses. We recommend the Legislature appropriate funds based on statewide priorities and criteria rather than the “one-third” formula used in the past.

- ***Evaluate Projects From All Three Segments as a Common Pool.*** When capital outlay proposals are evaluated segment-by-segment, a lower-priority project in one segment may be funded while higher-priority projects in other segments may not be funded. To avoid this, we recommend the Legislature evaluate capital outlay proposals from all three segments out of a common pool using statewide priorities and criteria.
- ***Focus Resources on Undergraduate Instructional Needs.*** Department of Finance estimates show undergraduate enrollment at the three segments will grow by about 280,000 full-time equivalent (FTE) students between now and 2008, about a 20 percent increase. To accommodate this increase at all campuses, we recommend the Legislature focus on funding undergraduate instructional needs. In order to avoid overbuilding at individual campuses and capitalize on distance learning and other instructional technologies, we recommend the Legislature not fund new instructional space if to do so will increase a campus’s instructional capacity above 95 percent of that justified in the year of the project’s scheduled completion.
- ***Recognize Existing Investment in Research Facilities.*** The UC has 2 million assignable square feet (asf) of instructional space and 8.4 million asf of research space. Figure 1 shows the shortage or excess of research space at the general campuses in 1998-99 and estimated in 2003-04, using historic space guidelines. It shows, for instance, that all campuses had excess space in 1998-99 and all but the Riverside campus are projected to have excesses in 2003-04. In order to allow limited state resources to be focused on undergraduate instructional needs and avoid overbuilding research space, we recommend the Legislature not fund new research space if to do so would increase a campus’s research space above 90 percent of that justified in the year of the project’s scheduled completion. If UC wants more research space, it can use other funding mechanisms—such as “Garamendi” bonds and overhead revenue from research grants and contracts.
- ***Use of Campus Facilities Year-Round.*** Last year, we recommended that projects be funded based on year-round operation of campus facilities (see our report *Year-Round Operation in Higher Education*, February 1999). We continue to believe the campuses



should operate fully on a year-round basis. In the *Supplemental Report of the 1999-00 Budget Act*, the Legislature directed CSU and UC to each submit a report to the Legislature by April 1, 2000 on the feasibility of implementing year-round operation. The Governor has directed the Department of Finance to prepare a similar report. Capital outlay planning and funding should reflect the Legislature's actions on year-round operation throughout higher education.

Beginning in 2001-02, the segments should develop capital outlay proposals that reflect these actions so that the Legislature can assess higher education needs as a statewide system.

DEPARTMENTAL ISSUES

Capital Outlay

JUDICIAL COUNCIL (0250)

The Governor's budget includes \$5 million from the General Fund for the Judicial Council for capital outlay. This amount would fund various phases of site acquisition, planning, and construction to renovate space for the Third Appellate District Court in Sacramento and construct a new appellate courthouse in Fresno and Santa Ana.

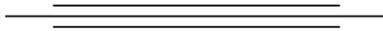
No Information on Proposed Projects

We recommend the Legislature delete \$5,004,000 for three projects because (1) the Judicial Council has not provided any information to substantiate the need or cost for these proposals and (2) the Task Force on Court Facilities has not submitted final recommendations concerning court facilities. (Delete Items 0250-301-0001 [1], 0250-301-0001 [2], and 0250-301-0001 [3].)

The budget proposes \$5,004,000 from the General Fund to renovate space for the Third Appellate District Court (\$283,000) and construct a new appellate courthouse in Santa Ana (\$3,215,000) and Fresno (\$1,506,000). The Judicial Council provided no information to substantiate either the need or cost for these projects. The only information available on the proposed new courthouses is a short description in the 2000-01 Governor's Budget document.

Further, the Task Force on Court Facilities established by Chapter 850, Statutes of 1997 (AB 233, Escutia and Pringle) is responsible for recommendations regarding appellate and trial court facility needs, options for expansion, maintenance issues, and capital improvement programs. The task force is in the process of developing these recommendations. A final report containing recommendations is to be released on or before July 1, 2001. A request to renovate one facility and construct two new court-houses is premature until the task force's final recommendations are available for legislative review.

In view of the lack of information on the budget proposals and the pending task force recommendations, we recommend the Legislature delete a total of \$5,004,000 for these projects.



DEPARTMENT OF JUSTICE (0820)

The Department of Justice (DOJ) operates ten criminalistic laboratories throughout the state. The laboratories provide analysis of physical evidence and controlled substances and, when requested, assist local law enforcement agencies in processing and analyzing crime scenes (including clandestine drug laboratories). The department also operates a state DNA analysis laboratory in Berkeley.

The 2000-01 *Governor's Budget* proposes \$14.2 million from the General Fund for two new criminalistics laboratories to replace existing laboratories, purchase of an existing facility, and a parking lot improvement project. Two of the replacement laboratories have previously been considered by the Legislature.

Replacement Laboratory—Santa Rosa

We recommend that the Legislature delete \$5,470,000 requested for construction of the Santa Rosa Replacement Laboratory project because preliminary plans are not complete and construction funds will not be needed in the budget year. (Delete \$5,470,000 under Item 0820-301-0001 [1]).

The budget proposes \$5,470,000 for construction of the Santa Rosa Replacement Laboratory project. Funding for preliminary plans was approved in the 1998-99 *Budget Act*, and property acquisition and working drawing funds were appropriated in the 1999-00 *Budget Act*.

Preliminary plans for this project were originally scheduled for completion in December 1998. This completion date was revised to April 2000 when the Legislature appropriated funds for site acquisition and working drawings last year. Now, the Department of General Services (DGS) reports that preliminary plans will not be complete until June 2000 and working drawings are not scheduled to be completed until May 2001. Given the history of this project and the current schedule, construction

funds are not needed in the budget year. Furthermore, the Legislature has no information to substantiate the need for the requested amount. Therefore, we recommend the Legislature delete \$5,470,000 under Item 0820-301-0001 (1).

Replacement Laboratory—Redding

We recommend that the Legislature delete \$6,548,000 requested for working drawings and construction for the Redding Replacement Laboratory because the project is one year behind schedule and the request for working drawings and construction is premature. (Delete \$6,548,000 under Item 0820-301-0001 [2]).

The budget proposes \$6,548,000 for the working drawings (\$308,000) and construction (\$6,240,000) for the Redding Replacement Laboratory project. Funding for property acquisition and preliminary plans was approved in the 1999-00 Budget Act. When these funds were appropriated, the preliminary plans were scheduled to begin by August 1999 and be completed by April 2000. The DGS now reports that the plans will not begin until August 2000. Thus, the project is one year behind schedule and the request for funding for working drawings and construction is premature. Further, because of this delay, the Legislature has no information to substantiate the need for the requested amount. Consequently, we recommend the Legislature delete \$6,548,000 under Item 0820-301-0001 (2).

Replacement Laboratory—Freedom

We withhold recommendation on the request for \$2,108,000 to acquire the Freedom Replacement Laboratory pending information on the condition and value of the facility.

The budget includes \$2,108,000 from the General Fund to exercise the purchase option of the Freedom Laboratory (Santa Cruz County), which is currently leased by the department. The department indicates that purchase of the building will result in a net savings over continuing to lease the facility. However, no information has been provided to substantiate the value or condition of the building. Before the Legislature appropriates funds to acquire this facility, DGS should investigate the condition of the building and prepare an assessment of the property value. The investigation should include building code compliance, seismic stability, and other possible building deficiencies that may need to be corrected in order to fully evaluate the true cost and benefits of purchasing the facility.

Lacking these evaluations, the Legislature does not have the information it needs to appropriate \$2.1 million to purchase this laboratory. Consequently, we withhold recommendation on this request pending receipt and review of this information.

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DEPARTMENT OF GENERAL SERVICES (1760)

The budget includes \$7.3 million for the Department of General Services (DGS) capital outlay program. This amount includes \$818,000 in general obligation bonds for continued management of projects to improve the earthquake safety of state buildings; \$2 million from the Petroleum Violation Escrow Account for alternative fuel infrastructure for state automotive fleets in Sacramento, Oakland, and San Francisco; and \$4.4 million from the General Fund for:

- A study and master plan for the Central Plant in Sacramento.
- Fire and life safety and handicapped accessibility corrections for the Blue Anchor Building in Sacramento.
- Fire and life safety corrections for the Resources Building in Sacramento.
- Infrastructures studies for the Resources, Employment Development Department, and State Personnel Board buildings in Sacramento.
- Renovation of the Bonderson Building in Sacramento.
- Tenant improvements for the Van Nuys State Building.

Building Renovation Studies

We recommend deleting \$694,000 in funding for four building renovation studies because management of these capital assets is a fundamental responsibility of the department and should be funded from the department's support appropriation. (Delete \$244,000 from Item 1760-301-0001 [1], delete \$150,000 from Item 1760-301-0001 [4], delete \$200,000 from Item 1760-301-0001 [5], and delete \$100,000 from Item 1760-301-0001 [6].)

The budget proposes four building renovation studies:

- Central Plant, Sacramento—study and master plan.
- Resources Building, Sacramento—study.
- Employment Development Buildings—study.
- State Personnel Board Building, Sacramento—study.

The study of the Central Plant is intended to (1) compare current capacity with future needs to generate and distribute steam and chilled water to state buildings in downtown Sacramento and (2) prepare a master plan for equipment upgrading and replacement for the next 30 years. The Resources Building is 35 years old and the study will survey and make recommendations for upgrade of building fire and life safety, accessibility, waterproofing, air conditioning, plumbing, and electrical systems in order to extend the service life of the building another 30 to 40 years. The study of the 50-year old Education Building and 45-year old Employment Development Department buildings will be similar.

These studies will determine whether or not a capital improvement project is needed and the extent of possible improvements. Development of the department's capital outlay program is the basic responsibility of the department and the activities should be funded on a priority basis through the department's support budget.

Furthermore, these studies should be funded through the Service Revolving Fund rather than the General Fund. The revolving fund is the repository for all rental and property management charges to departments (including those supported by special funds) that rent state buildings—including those the department plans to study. Thus, this is the appropriate fund source for these studies.

Bonderson Building Renovation

We recommend the Legislature delete \$1.4 million from the General Fund to renovate the Bonderson Building in Sacramento because of the lack of information to substantiate the need or cost of the project. (Delete \$1,400,000 from Item 1760-301-0001 [7].)

This \$1.4 million General Fund proposal would fund preliminary plans and working drawings for renovation of the Bonderson Building in Sacramento. Estimated future cost is \$13.6 million for construction. No information has been submitted to justify the scope and cost of the project. The department indicates the proposal is based on a study performed by a private architectural engineering firm in February 1999. That study, however, recommended additional studies to further define the scope of

the renovation, including such work as analysis of alternative exterior cladding systems, analysis of reengineering existing air handlers, and green building opportunities. The department proposes to undertake a further study at a cost of \$91,000 from the Service Revolving Fund. We recommend deletion of funding for preliminary plans and working drawings for the project until all needed studies have been completed and complete information justifying the scope and cost of the project has been submitted to the Legislature for consideration.

Van Nuys State Building Tenant Improvements

The department requests \$96,000 from the General Fund to renovate vacant space in the Van Nuys State Building to suit a future state agency tenant. We recommend the Legislature fund this work from the Service Revolving Fund rather than the General Fund, and adopt budget bill language specifying funds are not available until the department receives a firm commitment for occupancy. (Delete \$96,000 from Item 1760-301-0001 [8] and add expenditure authority under new Item 1760-301-0666 in the same amount.)

The department has been unable to fill 15,000 square feet of vacant space in the Van Nuys State Building since 1996. According to the department, this is the largest single vacancy in state buildings and results in a loss of \$277,000 annually in rent. The budget requests \$96,000 from the General Fund for preliminary plans and working drawings for tenant improvements for the space. Future cost would be \$496,000 for construction, for a total project cost of \$592,000. Tenant improvements would include new roofing and cladding system, air conditioning improvements, electrical system upgrading, additional security control, telecommunication upgrades, and fire and life safety corrections.

The DGS indicates that eight different departments (Employment Development, Health Services, Rehabilitation, Consumer Affairs, Industrial Relations, Social Services, Housing and Community Development, and the California Environmental Protection Agency) located in leased space in private buildings in Burbank, Canoga Park, Glendale, Granada Hills, and Woodland Hills are *potential* tenants for the Van Nuys State Building. The DGS also indicates that it would substantially facilitate moving one or more of these eight departments into the Van Nuys building if DGS had tenant improvement funding appropriated and available for immediate expenditure.

These improvements may be necessary if a tenant is found but the General Fund should not have to pay the improvement cost. These improvements all relate to the maintenance and management of the building and are properly funded from the Service Revolving Fund rather than

the General Fund. In addition, the department should not spend these funds until DGS obtains a state department's firm commitment to occupy the vacant space. Consequently, we recommend the Legislature fund this request from the Service Revolving Fund and adopt budget bill language specifying that the funds are not available until receiving a firm commitment for occupancy.

DEPARTMENT OF TRANSPORTATION (2660)

The Department of Transportation (Caltrans) occupies 453 facilities, including 397 maintenance stations, 11 traffic management centers, 10 material laboratories, 22 equipment shops, and 13 general offices. The budget proposes \$8,937,000 from the State Highway Account of the State Transportation Fund for five office projects and statewide studies, preplanning, and budget packages.

San Diego Office Building: Replacement

We recommend deletion of \$1.9 million from the State Highway Account in the State Transportation Fund for working drawings for this project because the scope of the project has increased by over 30 percent and preliminary plans cannot be finished until mid-to-late in the budget year. Further, the department should provide the Legislature justification for the proposed increase and the impact of these increases on the project cost. (Delete \$1,931,000 from Item 2660-311-0042 [2].)

The budget includes \$1,931,000 from the State Highway Account in the State Transportation Fund to develop working drawings for a new office building for Caltrans District 11 in San Diego. The 1999-00 Budget Act appropriated \$1,667,000 for preliminary plans for a 200,000 gross square feet (gsf) replacement office building for 704 employees and a 634-space parking lot for District 11. The total estimated cost of the project was \$45,184,000. Caltrans now indicates that because of increased workload and staff, the building must accommodate 956 employees (a 36 percent increase) and provide an 815-space parking lot (a 29 percent increase). The department, however, has not provided any information to substantiate such a large increase in less than one year. In addition, no information has been submitted identifying the required increase in the size of the building or the impact on the project cost. Clearly, these changes will significantly increase the cost of the project. The department should provide justification for the proposed increases and a revised budget for legislative consideration prior to budget hearings.

In addition, preliminary plans for this project have not yet started and completion of the plans cannot occur until mid-to-late in the budget year. Consequently, funds for working drawings do not need to be appropriated for 2000-01. Therefore, we recommend that the Legislature delete the \$1,931,000 request for working drawings. Adoption of this recommendation would make project funding more consistent with the revised scheduled.

Redding District Office Building: Seismic Retrofit

We withhold recommendation on \$406,000 from the State Highway Account for construction for seismic improvements to the Redding building until preliminary plans and a cost estimate are available to the Legislature and it can be verified the project is within the previously approved scope and budget.

The budget includes \$406,000 from the State Highway Account to construct seismic improvements to the Caltrans' office building in Redding, Shasta County. Preliminary plans and working drawings for this project were funded in the 1999-00 Budget Act. When these funds were approved, the preliminary plans were to be completed in February 2000 and the working drawings in June 2000. However, the latest project quarterly report (September 1999) received December 1999 from the Department of General Services (DGS) does not provide schedule information for the preliminary plans and working drawings for this project. With no indication that DGS has started work on the preliminary plans and the current status of the work, there is a question whether the preliminary plans will be completed in time for the Legislature to consider this request for construction funding during current budget hearings.

We have previously recommended the Legislature not fund subsequent phases of project work until preliminary plans are completed and it can be verified that a project is within scope and budget. We continue to recommend this policy and accordingly withhold recommendation on this project until completed preliminary plans and a cost estimate are available for review.

Los Angeles Office Building: Replacement

We recommend the Legislature delete the \$4.4 million from the State Highway Account for preliminary plans to construct a new office building in Los Angeles because Caltrans has not shown that the proposal is cost-effective compared to renovating the existing building. (Delete \$4,465,000 under Item 2660-311-0042 [6].)

The Governor's budget requests \$4.5 million from the State Highway Account to develop preliminary plans for a new 603,500 gsf office building on state-owned property in Los Angeles to replace the existing Caltrans' District 7 headquarters office building. The total project cost is \$154 million.

The District 7 headquarters is currently located in a state-owned building at 120 South Spring Street in Los Angeles. The building was constructed in 1941 and an annex added in 1951. Documentation submitted by Caltrans indicates there are functional fire and life safety and handicapped accessibility deficiencies in the building. The building was seismically strengthened in 1994 following the Northridge earthquake.

Over the past several years, there have been several estimates of the costs to renovate this building:

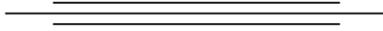
- In 1992, a report prepared by a private architectural engineering firm indicated that the cost to renovate the headquarters would range between \$26 million to \$40 million.
- In 1998, Caltrans investigated the feasibility of renovating the building and estimated a cost of \$34 million.
- In March 1999, DGS reviewed the above reports and concluded the renovation costs *could* exceed \$64.4 million.

Also in March of 1999, DGS recommended that Caltrans retain DGS to do an in-depth infrastructure study that would include updated costs. The DGS was then retained by Caltrans to prepare an "economic analysis" of alternatives, which was completed in December 1999. The two alternatives DGS considered in this economic analysis were (1) leasing space in a privately owned building and (2) build-to-suit projects financed by a lease-with-purchase option arrangement with a private developer, lease-payment bonds, or pay-as-you-go funding. This economic analysis, however, *did not* consider renovation as an alternative.

Recently, Caltrans has indicated that total estimated renovation costs are about \$91 million. The department, however, has not provided any information to substantiate this conclusion. In addition, Caltrans does not indicate what would be done with the existing building if a new building is constructed, and no funds are included in the proposal for demolition of the existing building.

As discussed above, there have been a wide array of estimates of the costs to renovate this building—none of which are verifiable. Thus, at this time, the Legislature does not have the information it needs regarding (1) the cost to renovate the existing building; (2) the total cost to construct a new building, including action on the existing building; and (3) an

economic analysis that includes renovation of the existing building. Thus, the Legislature does not have the information it needs to consider a proposal for construction of a project costing over \$150 million. Consequently, we recommend the Legislature delete the \$4,465,000 requested for preliminary plans under Item 2660-311-0042 (6). A proposal for renovation of the existing building or construction of a new building accompanied by the necessary information may warrant legislative consideration.



DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL (2720)

The California Highway Patrol (CHP) operates 166 major facilities in addition to its headquarters and academy. The Governor's budget proposes \$7,361,000 from the Motor Vehicle Account of the State Transportation Fund for six major projects and statewide studies, preplanning, budget packages, property options, and appraisals.

South Lake Tahoe: New Facility

We recommend that the Legislature delete \$2.4 million requested for working drawings and construction because site acquisition has not been completed and preliminary plans will not be finished before August 2000. (Delete \$2,372,000 under Item 2720-301-0044 [4].)

The 1999-00 Budget Act appropriated \$2,341,000 for acquisition and preliminary plans for a replacement facility at South Lake Tahoe. The Governor's budget requests \$2,372,000 for working drawings and construction. The CHP indicates the Department of General Services (DGS) has not completed its search for a site for this facility but it probably will be located at the Department of Food and Agriculture's agricultural inspection station in Meyers. The DGS expects to complete its site search and acquire the property by June 2000. The DGS indicates preliminary plans for the project will be started in April 2000 (prior to site acquisition) and completed in August 2000.

Given the status of this project, the Legislature has insufficient information to consider the request for working drawings and construction. In essence, the Legislature has no more information than was available last year. Consequently, we recommend the Legislature delete the \$2,372,000 for this project under Item 2720-301-0044 (4). The proposal may warrant legislative consideration if the administration expedites the

project schedule to complete the site acquisition and preliminary plans before budget hearings are completed.

Monterey: New Facility

We recommend deletion of \$305,000 for working drawings because site acquisition has not been completed and preliminary plans will not be finished until January 2001. (Delete \$305,000 from Item 2720-301-0044 [6].)

The 1999-00 Budget Act appropriated \$1,550,000 for acquisition and preliminary plans for a replacement CHP office at Monterey. The Governor's budget requests \$305,000 for working drawings. The DGS does not expect to complete site acquisition until November 2000 and preliminary plans will not be finished until January 2001. The status of this project is similar to the South Lake Tahoe project discussed above. For the same reasons outlined above, we recommend that the Legislature delete the \$305,000 requested for the Monterey project.

CALIFORNIA CONSERVATION CORPS (3340)

The budget includes \$1.2 million from the General Fund for four major and one minor project for the California Conservation Corps. Future cost of the four major projects is \$12.5 million.

Camarillo Satellite Relocation/Construction

We withhold recommendation on funding for relocation of the California Conservation Corps satellite facility at the California State University, Northridge, Ventura Off-Campus Center, because insufficient information has been provided regarding the proposed site and facilities.

The California Conservation Corps has operated a residential satellite facility for 22 years on the site of what is now the California State University (CSU), Northridge, Ventura Off-Campus Center in Camarillo. The Ventura Off-Campus Center is located at the former Camarillo State Hospital. The corps facility currently serves about 100 corps members and has been leasing its facility from CSU on a month-to-month basis since the current lease expired at the end of 1998. The corps members provide services annually to CSU at the site in lieu of lease payments. The corps, however, has been notified by CSU that effective June 30, 2003, the corps must leave the Camarillo center. Because of this notification, the corps proposes to construct a new facility on a site adjacent to the California Youth Authority, Youth Correctional Facility in Ventura County. According to the corps, this site is state surplus property that can be transferred to the corps at no cost.

The budget includes \$237,000 for preliminary plans for the proposed new facility at the Ventura site. The facility would consist of an administration building, warehouse, hazardous materials storage room, multi-purpose room, kitchen and dining room, dormitories, an education and recreation building, and 20,000 square feet of paved service area. The corps has not provided any details on the size or need for the various build-

ings. According to the corps, however, the cost to complete the project would be an additional \$4.8 million.

As discussed above, the basis for constructing a new facility for the corps is CSU's notification that the corps must vacate the Camarillo center property. Consequently, unless CSU allows the corps to remain at the center, other facilities must be provided for the corps. The information submitted in support of the budget request, however, is inadequate. For example, there is no justification for the type of facilities proposed or the amount of space in each facility, there is no clear access to the proposed site, and a valid cost estimate and schedule (including an environmental impact report) for the project has not been prepared. Consequently, pending receipt of additional information, we withhold recommendation on this project.

Delta Service District Relocation/Construction

We withhold recommendation on funding for relocation of the California Conservation Corps satellite facility at the California State University, Stanislaus, Stockton Off-Campus Center, to a leased site owned by the East Bay Municipal Utility District in San Joaquin County because (1) it is not clear that it is necessary for the corps to vacate the Stockton Off-Campus Center location at a cost of \$5.1 million and (2) insufficient information has been provided regarding the proposed site and facilities.

The corps has operated the Delta Service District residential facility on the site of what is now CSU, Stockton Off-Campus Center for 15 years. The center is on the site of the former Stockton State Hospital. The corps houses about 110 corps members in facilities it leases under an agreement with CSU that expires in September 2000. The corps members provide services annually to CSU at the site in lieu of lease payments.

The corps indicates CSU will not renew the lease and the corps will be required to vacate the center when the lease expires in September 2000. Unlike the situation at Camarillo, however, the Stockton center has not sent the corps written notification that they must vacate the Stockton property. In addition, it is not clear why the center would ask the corps to move. The center has reportedly been experiencing fiscal problems resulting from the lack of lease income from the existing facilities and there is a large amount of space at the center that is excess to the center's current educational program needs. Thus, it is not clear either why the corps would need to move in the foreseeable future or if moving the corps would be in the best interest of the state. If, however, the corps is required to move by September 2000, interim facilities will need to be located be-

cause new facilities at the proposed site (discussed below) cannot be available in that time frame.

The corps has identified a potential site if it must move from the Stockton center. The corps has received a letter (dated January 14, 2000) from the East Bay Municipal Utilities District indicating its willingness to negotiate a 15- to 20-year lease with the corps for district property adjacent to Camanche Reservoir in San Joaquin County. The district indicated, however, that the identified site is tentative and that further review, including an environmental assessment, is necessary to determine the feasibility of construction. Consequently, neither the feasibility of the site nor the terms of a lease, including cost, are known. Nevertheless, the budget includes \$242,000 for preliminary plans to construct a new facility on the district's site. As is the case for the Camarillo proposal, the corps has provided little information on the scope of the project. Also, a valid cost estimate and schedule (including an environmental impact report) have not been prepared. According to the corps, however, the additional cost to complete the project is \$4.8 million.

In view of the issues discussed above, we withhold recommendation on the proposed relocation of the Delta Service District pending information from the corps and the Stockton center that addresses these issues.



DEPARTMENT OF FORESTRY AND FIRE PROTECTION (3540)

The budget proposes \$62.4 million for capital outlay for the California Department of Forestry and Fire Protection (CDFFP). This amount includes \$58.2 million for 49 major and \$4.2 million for 11 minor projects (less than \$500,000 per project) to be funded from the General Fund. With regard to the major projects, the request includes 34 projects that have previously been funded for preliminary plans and/or working drawings, 12 new projects for which preliminary plans and/or working drawings funds are proposed, 2 proposals to acquire property, and study funds for one project.

Capital Outlay Program Is Over Budget and Behind Schedule

We withhold recommendation on the Department of Forestry and Fire Protection's entire capital outlay budget request pending receipt of information that (1) addresses problems in the implementation of the department's capital outlay program and (2) clearly demonstrates what steps will be taken to cure current problems with the capital outlay program. (Withhold recommendation on Item 3540-301-0001.)

Cost Overruns. The CDFFP projects shown in Figure 1 (see next page) are currently estimated by the department to cost more than when these projects were approved by the Legislature in the 1998-99 and 1999-00 Budget Acts. As shown in the figure, these projects in total are over budget by 52 percent and individual projects range from 13 percent to 135 percent over budget. (These figures are not adjusted for the impact of inflation, which ranges from 1.6 percent to 5 percent.)

No information has been provided to explain what occurred that caused the changes and cost increases for the projects in Figure 1. These significant changes raise questions on the scope and estimated construction costs of other projects in CDFFP's program, including those proposed in the Governor's budget.

Figure 1

Department of Forestry and Fire Protection Previously Funded Projects With Increased Construction Cost Estimates

(Dollars in Thousands)

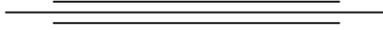
Project	Original Estimate ^a	Current Estimate	Change	
			Amount	Percent
Batterson Forest Fire Station (FFS): relocate facility	\$715	\$1,305	\$590	83%
Weaverville FFS: relocate facility	1,121	2,026	905	81
Valley Center FFS: relocate facility	1,015	1,451	436	43
Fort Jones FFS: replace facility	1,104	1,717	613	56
Sweetwater FFS: relocate facility	893	1,305	412	46
Elsinore FFS: relocate facility	909	1,525	616	68
Elk Camp FFS: relocate facility	652	1,534	882	135
Twain Hart FFS: relocate facility	1,022	1,473	451	44
Fortuna FFS: relocate facility	973	1,826	853	88
Springville FFS: relocate facility	899	1,542	643	72
Raymond FFS: relocate facility	949	1,342	393	41
Ahwahnee FFS: replace facility	918	1,496	578	63
Fenner Canyon Conservation Camp (CC): construct vehicle apparatus, replace office	1,547	2,367	820	53
Ventura Youth CC: construct vehicle apparatus building, shop, and warehouse	995	1,431	436	44
Baseline CC: remodel facility	2,981	4,124	1,143	38
Santa Clara Ranger Unit Headquarters (RUH): replace automotive shop	763	1,215	452	59
San Mateo-Santa Cruz RUH: replace automotive shop	525	923	398	76
Ukiah FFS: replace facility ^b	1,291	1,886	595	46
Fortuna FFS: relocate facility ^b	973	1,826	853	88
Fort Jones FFS: relocate facility ^b	1,104	1,717	613	56
Weaverville FFS: relocate facility ^b	1,121	2,026	905	81
Usona FFS: replace facility ^b	1,333	1,309	-24	-2
Bautista Conservation Camp: replace modular buildings ^b	2,469	2,787	318	13
Totals	\$26,945	\$40,838	\$13,893	52%

^a Not adjusted for inflation. The first three projects in the figure were funded in 1998-99 and inflation to date has been about 5 percent. The remaining projects were funded in 1999-00 and inflation to date has been about 1.6 percent.

^b The scopes of these projects have changed since they were approved by the Legislature.

Report Needed on Status of Projects. In view of the significant cost increases and scope changes discussed above, the CDFFP should report to the Legislature on the status of *all* projects (including acquisition) funded in the past three years. The report should include the current schedule and cost for each phase of the projects compared to the schedule and cost when the Legislature approved funding for the individual phases. The report also should identify any administrative augmentation to projects.

Recommendation. In view of the scheduling and fiscal problems identified in CDFFP's capital outlay program, we withhold recommendation on the department's capital outlay program totaling \$62.4 million until it (1) addresses each of the issues discussed above and (2) can clearly demonstrate what steps will be taken to cure the current problems with the capital outlay program.



DEPARTMENT OF FISH AND GAME (3600)

The budget includes \$1.2 million for capital outlay for the Department of Fish and Game (DFG). This amount consists of \$667,000 from the Fish and Game Preservation Fund (FGPF) (entirely reimbursed for minor projects), \$375,000 from the General Fund for two major projects, \$40,000 from the Fish and Wildlife Pollution Account, and \$93,000 of federal funds for minor projects.

Schaeffer Fish Barrier Reconstruction

We withhold recommendation on \$66,000 for working drawings for this project pending receipt of the preliminary design study and preliminary plans. (Withhold recommendation on Item 3600-301-0001 [1].)

The budget provides \$66,000 for working drawings for the Schaeffer Fish Barrier Reconstruction. The future cost is \$1.8 million for construction. No preliminary plans have been funded for this project but DFG advises that the Department of Water Resources prepared a preliminary design study. We recommend this study and preliminary plans be available to the Legislature before approving working drawings. Accordingly, we withhold recommendation on this item pending receipt of the preliminary design study and preliminary plans.

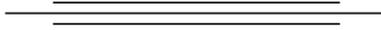
Mt. Whitney Fish Hatchery Structural Retrofit

Recommend \$309,000 funding for preliminary plans and working drawings be shifted from the General Fund to the Fish and Game Preservation Fund. (Delete \$309,000 from Item 3600-301-0001 [2] and add to Item 3600-301-0200, subitem [3] Mt. Whitney Fish Hatchery Structural Retrofit—preliminary plans and working drawings, \$309,000.)

The Governor's budget includes \$309,000 from the General Fund for preliminary plans and working drawings for the Mt. Whitney Fish Hatch-

ery Structural Retrofit. Provisional language provides this amount shall be a loan to DFG to be repaid from the FGPF as funding becomes available. The future cost is \$1.6 million for construction.

The department has provided no information to explain why this expenditure must be funded by a General Fund loan to be repaid with FGPF funds, rather than directly by appropriation from the FGPF. The budget estimates the FGPF will have reserves of \$12.4 million in June 2000, and the FGPF has previously been used for capital outlay as well as support funding. Without information showing there will be insufficient funds in the FGPF to fund the work included in the current budget, we recommend the Legislature fund this project from the FGPF rather than the General Fund.



DEPARTMENT OF PARKS AND RECREATION (3790)

The budget proposes \$19.6 million for capital outlay for the Department of Parks and Recreation (DPR). This amount includes \$3.8 million from the General Fund, \$13 million from the Off-Highway Vehicle Trust Fund, \$2.5 million from the Habitat Conservation Fund, and \$0.3 million from the Environmental License Plate Fund. The budget also proposes \$22.2 million in local assistance, which includes \$13.5 million from the Off-Highway Vehicle Trust Fund, \$2.4 million from the Habitat Conservation Fund, \$4 million from the Recreational Trails Fund, and \$2.4 million from federal funds.

Department Should Not Employ Capital Outlay Staff On Projects for Other Agencies

We recommend the Legislature adopt budget bill language directing the Department of Parks and Recreation to end the practice of providing engineering, architectural, and related capital outlay staff services for other state agencies on the basis of interagency agreements. In addition, the department should account for reimbursements it has received for this work in the past.

For several years, DPR has provided engineering, architectural, and related capital outlay services to other state agencies on the basis of interagency agreements and has received reimbursements from those agencies. Figure 1 shows the reimbursements DPR has generated from this activity in recent years.

Unless the Legislature has provided specific exceptions, the Department of General Services (DGS) is authorized by law to manage design and construction of capital outlay projects (major and minor) for all state departments. Historically, DGS has delegated responsibility for minor projects to departments (such as DPR) with engineering and architectural staff.

Figure 1

Department of Parks and Recreation Capital Outlay Staff Services Provided to Other Agencies

(Reimbursements in Thousands)

Agency	1994-95	1995-96	1996-97	1997-98	1998-99
Department of Boating and Waterways	—	\$17	—	—	—
California Highway Patrol	\$324	392	\$300	\$285	\$156
Department of Transportation	355	—	—	2	139
Department of Health Services	3	7	6	3	1
Tahoe Conservancy	5	2	2	—	—
Totals	\$687	\$418	\$308	\$290	\$296

If there is insufficient capital planning and minor capital outlay work in DPR to justify its capital outlay staff, it should address the need for continued funding of those positions. In light, however, of the large deferred maintenance program the department has to manage, it would seem that its engineers, architects, and related staff would be working on that program rather than providing services to other departments. The centralization of capital outlay staff in DGS allows efficient use of the expertise of the engineers, architects, and related specialized staff. Circumvention of this requirement by DPR and other state agencies is inappropriate.

Accordingly, we recommend the Legislature adopt budget bill language directing DPR to end the practice of providing engineering, architectural, and related capital outlay staff services for other state agencies on the basis of interagency agreements. In addition, the department should account for reimbursements it has received for this work in the past.

Department Should Not Manage Major Capital Outlay Projects

We recommend the Legislature delete budget bill language that would permit the department to manage the design and construction of five major capital outlay projects. (Delete Provision 1 of Item 3790-301-0001 and Provision 3 of Item 3790-301-0263.)

The budget provides provisional language that would permit the department to manage the design and construction of the following capital outlay projects:

- Columbia State Historic Park: Knapp Block Rehabilitation.
- Lake Oroville State Recreation Area: Sewer System Rehabilitation.
- Morro Bay State Park: Campground and Day Use Rehabilitation.
- Sonoma Coast State Beach: Trail Rehabilitation and Development.
- Carnegie State Vehicular Recreation Area: Alameda/Tesla.

For the reasons discussed in the previous issue, we recommend the Legislature not approve these exceptions to the law which requires DGS to manage the design and construction of major capital outlay projects. Centralization of engineering and architectural staff in DGS permits efficient use of staff because the expertise of many technical disciplines is available in one agency. The DGS has experience in managing projects such as these and has well-developed procedures, standards, and technical capability. We recommend the Legislature discourage the dispersal of responsibility for managing major capital outlay projects to DPR and other departments.

Off-Highway Vehicle Local Assistance Grants

We withhold recommendation on \$13.5 million of local assistance grants for off-highway vehicle facilities pending receipt of information about grant recipients and projects. (Withhold recommendation on Item 3790-101-0263 [1].)

The 1999-00 Budget Act appropriated \$16.6 million to DPR for local assistance grants to cities, counties, special districts, or federal agencies. Figure 2 shows how the department distributed these funds. It shows that 95 percent of the grant funds went to the federal government.

The Governor's budget proposes \$13.5 million for these local assistance grants in 2000-01. The DPR advises that it plans to solicit grant applications for these grants in early 2000 and have a list of potential grant recipients by May 2000.

We withhold recommendation on this item until the list of recipients is provided to the Legislature. If the department proposes to distribute these off-highway vehicle grants as it did in 1999-00 and other prior years, a large majority of the funds will be granted to the federal government. We recommend the Legislature have information about the grantees available to it if it is going to consider such a large subsidy to the federal government.

Figure 2

**Department of Parks and Recreation
Local Assistance Grants From the
Off-Highway Vehicle Trust Fund**

1999-00
(In Thousands)

Recipient	Amount
U.S. Bureau of Land Management, Bureau of Reclamation and Forest Service—for operation and maintenance	\$8,021
U.S. Bureau of Land Management, Bureau of Reclamation and Forest Service—for capital outlay	7,790
California cities, counties and special districts—for operation, maintenance, and capital outlay	744
Total	\$16,555

Lake Oroville State Recreation Area: Sewer System Rehabilitation

We withhold recommendation on \$2 million from the General Fund to rehabilitate the sewer system at Lake Oroville State Recreation Area pending receipt of information on cost-sharing agreement for this project with the Lake Oroville Area Public Utility District. (Withhold recommendation on Item 3790-301-0001 [3].)

This project includes replacement of sewage lift stations and rehabilitation of gravity and forced mains lines for a sewer system that serves the Lake Oroville Area Public Utility District as well as the Lake Oroville State Recreation Area. The district serves the residential community of Kelly Ridge Estates. The DPR has advised that the district has used this state-owned sewer line for a number of years without charge. The 1999-00 Budget Act appropriated \$168,000 for preliminary plans and working drawings for this project. It also included language requiring that, before construction funding is appropriated:

- The department and district agree on cost sharing for the project.
- The district agrees to reimburse the state for its share of the project cost.
- The district agrees to accept ownership of the sewer system upon completion of the project.
- The department and district agree on cost sharing for operation, maintenance, and future replacement or repairs.

No information has been provided to indicate these agreements have been reached with the district. In addition, Provision 4 of Item 3790-301-0001 of the *1999-00 Budget Act* requires that if the department receives reimbursement from the district for prior-year operating and maintenance expenses for the system, those funds shall be deposited in the General Fund.

We withhold recommendation on this project pending receipt of the information required by the *1999-00 Budget Act* and a report of any funds received by the department from the district and the disposition of these funds.

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DEPARTMENT OF MENTAL HEALTH (4440)

The Department of Mental Health (DMH) operates four state hospitals—Atascadero, Metropolitan, Napa, and Patton. The budget includes \$2.1 million from the General Fund for the department’s capital outlay program. This amount includes \$1.5 million to provide furnishings and equipment for two new buildings, \$430,000 for minor capital outlay (projects costing \$250,000 or less), and \$150,000 to study options for renovating an existing facility.

The Governor’s budget also includes \$5.6 million in the department’s support budget (Item 4440-001-0001) for facilities improvements related to the Americans with Disabilities Act (ADA) at three of the four state hospitals. The department has proposed funding these improvements as special repair items rather than capital improvements under the capital outlay program. In our analysis of the support budget (please see the “Health and Social Services” chapter of this *Analysis*), we have recommended that the Legislature delete the funds and that the department resubmit its proposal as a capital outlay project. We also note that the proposal as submitted lacks sufficient information for the Legislature to evaluate it as a capital outlay project. For example, the request includes \$4 million for Patton State Hospital but there is no information on either the existing problems or what work will be undertaken in each of the 42 buildings identified in the proposal. In addition, the budget amount is based on an estimate prepared in 1994 and simply updated for inflation. If the department resubmits this proposal, it should address these issues.

With regard to the proposed capital outlay program, we recommend approval of \$986,000 to equip the new 250-bed addition at Atascadero (scheduled for completion in the budget year) and \$430,000 for minor capital outlay. The other projects are discussed below.

Metropolitan State Hospital— Replace R&T and Administration Building

We recommend the Legislature delete \$533,000 for equipment for the R&T and Administration Building because (1) the replacement building is not scheduled to be completed before December 2001 and (2) there should not be a need to purchase equipment for replacement space. (Delete Item 4440-301-0001 [2].)

The budget proposes \$533,000 from the General Fund to purchase new office equipment and furnishings for the R&T and Administration replacement building. This building is not yet under construction and is not scheduled to be completed before December 2001. Consequently, a request for equipment funding in 2000-01 is premature. Furthermore, the building replaces existing space. There should be no need to purchase new equipment through a capital outlay appropriation. Instead, the existing furniture and equipment should be moved from the existing location to the new building when it is available. The need for any new equipment for existing programs should continue to be addressed in the department's support budget. Consequently, we recommend the Legislature delete the \$533,000 requested under Item 4440-301-0001 (2).

Napa State Hospital—Remodel Building 196, S Units

We recommend the Legislature delete \$150,000 for a study to remodel Building 196, S Units, at Napa State Hospital because the department has not substantiated the need for a study, and studies of this nature should be undertaken, if necessary, using existing resources in the support budget. (Delete Item 4440-301-0001 [3].)

The budget proposes \$150,000 from the General Fund to study the need for a capital outlay project for Building 196, S Units, at Napa State Hospital. The department has a five-year capital outlay plan that includes proposals for 14 projects with an estimated \$117.5 million total cost. The determination of the need for these projects is the responsibility of the department through its support budget. Any funds needed to study existing facilities and develop a capital outlay proposal should be undertaken on a priority basis using resources in the department's support budget, similar to the other projects in their five-year plan. Consequently, we recommend the Legislature delete the \$150,000 requested under Item 4440-301-0001 (3) to study Building 196, S Units.

DEPARTMENT OF CORRECTIONS (5240)

The California Department of Corrections (CDC) operates 33 prisons and 38 fire and conservation camps throughout the state. The prison system also includes 14 community correctional facilities operated by private firms, cities, or counties under contract with the CDC and two county jails leased and operated by the department. As of December 31, 1999, the system housed 161,000 inmates.

The budget includes \$117 million General Fund for capital improvements at existing state institutions. The estimated future cost to complete these projects is \$38 million. The budget includes the following proposals:

- \$47.2 million for 7 projects related to health care and mental health treatment programs.
- \$62.8 million for 29 projects to renovate or replace buildings and infrastructure.
- \$5.7 million for minor capital outlay projects (costs of less than \$250,000 per project).
- \$1.3 million for planning and studies (including four major capital outlay proposals).

Of the 40 major capital outlay projects in the budget, 25 were previously funded for preliminary plans and/or working drawings. The budget proposes to fund the working drawings and/or construction phases for these 25 projects. The 15 other major projects are proposed for initial funding. We have identified issues with the projects detailed below, and recommend the Legislature approve the balance of requested projects.

Projects Recommended for Approval Contingent on Completion of Preliminary Plans

We recommend the Legislature approve \$23,023,000 of funding requests for working drawings and/or construction for ten projects contingent on completion of preliminary plans consistent with prior legislative approval.

The Governor’s budget includes funding requests for working drawings and/or construction of ten continuing projects totaling \$23 million for which preliminary plans were funded in prior years. The projects, funding requested, and future costs are detailed in Figure 1.

Figure 1

Department of Corrections Projects Recommended for Approval Contingent on Preliminary Plan Completion

(Dollars in Thousands)

Item 5240-301-0001	Project Description	Phase ^a	Budget Amount	Scheduled Completion
(2)	California Correctional Institution—New Potable Water Source Phase II	WC	\$1,725	4/00
(11)	Folsom State Prison—Renovate Branch Wiring, Building 5	C	796	2/00
(12)	Folsom State Prison—Renovate Branch Wiring, Maintenance Shops	C	983	2/00
(13)	California Institution for Men—TB/HIV Engineering Controls	C	967	2/00
(16)	California Medical Facility—TB/HIV Engineering Controls	C	363	2/00
(19)	California Mens Colony—Hospital Air Conditioning	C	666	3/00
(23)	California Mens Colony—Central Kitchen Replacement	C	6,035	3/00
(25)	R. J. Donovan—Reverse Osmosis Purification System	C	3,527	2/00
(32)	California Rehabilitation Center—Replace Men's Dorms Phase II of VI	WC	6,356	5/00
(33)	California Rehabilitation Center—Perimeter Fence	WC	1,605	3/00
Total			\$23,023	

^a W=working drawings and C=construction.

The amounts included in the budget are all consistent with the inflation adjusted future costs previously recognized by the Legislature. Therefore, we recommend the Legislature approve the requested amounts contingent on completion of preliminary plans consistent with prior legislative approval.

Inmate Day Labor Program Should Result in Significant Savings

The use of inmate day labor should be significantly less costly than bidding a project to a private contractor. However, the department is not realizing such savings. If the Department of Corrections cannot commit to providing a substantial savings compared to private contracting for a construction project, we recommend that the Legislature adopt budget bill language prohibiting the use of inmate day labor on major capital outlay projects.

The Inmate Day Labor (IDL) program is a statewide in-house construction operation which combines private trade personnel (carpenters, electricians, etc.) and inmates to construct projects at various institutions. The use of IDL should be significantly less costly than bidding the project to a private contractor because lower wages are paid to inmates and overhead and profit charged by the private contractor are eliminated. In addition, there should be less cost for the state to oversee the construction work.

However, these savings apparently have not been realized for recent major capital outlay projects. For example, in the *1999-00 Budget Act*, the Legislature authorized the use of the IDL program to construct 18 projects at various institutions, shown in Figure 2 (see next page). (One of the projects has been resubmitted in the *2000-01 Governor's Budget*.) The level of funding provided was based on the cost of labor and materials as if the project were constructed by a private contractor, except the profit and overhead charged by a private contractor were eliminated. In addition, there should be less cost for the state to oversee the construction work. However, as shown in Figure 2, the department indicates the estimated cost of these projects is \$4.6 million (36 percent) *higher* than the approved budgets.

In October 1999, the administration (pursuant to the requirements in the Government Code) notified the fiscal committees and the Joint Legislative Budget Committee (JLBC) that 17 of the projects could not be completed without additional spending authority. The department was unable to provide any information to support the requests for higher material and labor costs. For example, the department indicated for one project that 3.5 private contract IDL supervisors would cost more than all labor costs for the entire job if the project were competitively bid. In another case, the department estimated that the materials for the project

Figure 2

Department of Corrections Cost to Construct Projects With Inmate Day Labor

(Dollars in Thousands)

	<i>1999-00 Budget Act Amount</i>	Current Estimate	Percent Increase
Central California Women's Facility— EOP/RCSE ^a	\$922	\$1,100	19%
Central California Women's Facility— CCCMS ^a	519	619	19
California Institution for Men, Central— RCSE/CCCMS	772	900	17
California Institution for Men, Minimum— CCCMS	460	548	19
California State Prison, Corcoran— CCCMS/EOP	1,155	1,371	19
North Kern State Prison—RCSE	692	796	15
North Kern State Prison—CCCMS	547	649	19
Wasco State Prison—CCCMS	547	649	19
Avenal State Prison—CCCMS	457	591	29
California Institution for Women— EOP/CCCMS	533	728	37
California Institution for Women—RCSE	478	590	23
California Rehabilitation Center—CCCMS	481	607	26
Deuel Vocational Institution—RCSE	501	692	38
Mule Creek State Prison—EOP/CCCMS	1,186	1,508	27
R. J. Donovan—CCCMS/RCSE	600	829	38
California State Prison—CCCMS	433	605	40
Wasco State Prison—RCSE	646	831	29
California State Prison—Correctional Treatment Center Phase II	2,106	3,555	69
Totals	\$13,035	17,018	31%

^a EOP=Enhanced Outpatient Care Program; RCSE=Reception Center and Screening and Evaluation; and CCCMS=Correctional Clinical Case Management System.

would cost 30 percent more if the project were completed using IDL rather than a competitive bid process. No information was made available to validate these or other claims for why the costs would be so high.

In response to the administration, the Chair of the JLBC did not agree with the department's proposal and advised that the department should either proceed with the projects as planned or provide more detailed docu-

mentation why material and labor costs using IDL would be greater than the budgeted amount. No documentation has been received to date to validate the claim of higher costs. If no information is forthcoming or if the department continues to indicate savings cannot be realized using IDL, the projects should not be done using inmate labor and instead should be competitively bid. In this case, the Legislature should adopt budget bill language stipulating that no capital outlay project shall be undertaken using IDL.

CORRECTIONAL TREATMENT CENTERS— VARIOUS INSTITUTIONS

California State Prison, Solano— Correctional Treatment Center, Phase II

We recommend the Legislature delete \$3,555,000 from the working drawings and construction of the Correctional Treatment Center, Phase II project at California State Prison, Solano because sufficient funds have been appropriated by the Legislature to complete the project and the department has not demonstrated a lack of funds. (Delete \$3,555,000 under Item 5240-301-0001 [18].)

The budget proposes \$3,555,000 from the General Fund for working drawings and construction for the Correctional Treatment Center, Phase II located at the California State Prison, Solano. The administration proposed this project during the 1998-99 budget process, and the Legislature appropriated \$236,000 including \$86,000 for the preliminary plan and \$150,000 for working drawings. The Legislature appropriated \$2,106,000 in the 1999-00 Budget Act for construction of the project.

The administration's current construction funding request is \$1,299,000 (62 percent) higher than the Legislature appropriated in the 1999-00 Budget Act. The CDC attributes the cost increase to the inability of the IDL construction program to complete the project within the amount appropriated. Therefore, the department has not proceeded with the project. The department has not provided any documentation to support the claim, and should complete the project using IDL within the previous budget appropriation. Therefore, we recommend the Legislature delete \$3,555,000 under Item 5240-301-0001 (18). If, however, the department demonstrates it cannot undertake the project with IDL within the funds provided, the Legislature should approve the request and adopt budget bill language indicating that the project should be competitively bid.

North Kern State Prison—Correctional Treatment Center Phase II

We recommend the Legislature reduce the \$2,967,000 requested for construction of the Correctional Treatment Center, Phase II project at North Kern State Prison by \$952,000 because insufficient documentation has been provided to justify this 47 percent increase in the project cost. (Reduce Item 5240-301-0001 [39] by \$952,000.)

The budget proposes \$2,967,000 from the General Fund for the construction phase of the Correctional Treatment Center, Phase II located at North Kern State Prison. The project will renovate 15,700 square feet of existing space and construct nearly 5,000 square feet of space for the delivery of mental health services to inmates housed at the institution. The 1998-99 Budget Act appropriated \$223,000 for preliminary plans and working drawings for the project. Chapter 888, Statutes of 1999 (SB 112, Costa) reappropriated funds for the working drawing phase.

The construction funding request represents an increase of \$1 million (47 percent) over the cost recognized by the Legislature at the time planning funds were authorized. The department indicates the increased costs are based on preliminary plans, but no documentation has been provided on why the estimate is over budget by 47 percent. The project is scheduled to begin construction in February 2001. Because the department has not justified the large increase in construction cost, we recommend the Legislature reduce Item 5240-301-0001 (39) by \$952,000 to provide a construction cost in line with previously recognized costs.

California State Prison, San Quentin— Correctional Treatment Center Phase II

We recommend the Legislature delete \$14,289,000 for the construction phase of the Correctional Treatment Center, Phase II project at California State Prison, San Quentin because the department has not resolved site location issues and preliminary plans are not complete. (Delete \$14,289,000 under Item 5240-301-0001 [27].)

The budget proposes \$14,289,000 from the General Fund for the construction phase of the Correctional Treatment Center, Phase II located at California State Prison, San Quentin. The project will construct 31,000 square feet of space for the delivery of mental health services to inmates housed at the institution. The 1998-99 Budget Act appropriated \$1,279,000 for preliminary plans and working drawings for the project.

In August 1999, the Department of Finance submitted a letter to the fiscal committees and the JLBC proposing to change the project scope, relocate the facility from the original site inside the prison fenced perim-

eter to a site inside the prison walls, and also augment the project cost by \$127,000 to redesign the building. The department was unable to either substantiate a need to relocate the facility or for the additional funds. No information was made available regarding the potential impact on the construction cost. Consequently, the Chair of the JLBC advised the department that he did not agree with the proposal and advised the department to spend only the funds necessary to investigate the feasibility and cost effectiveness of relocating the facility. The department's most recent information indicates that additional site and soil surveys will be conducted to gather information. No further documentation has been made available. Pending the survey results, it is not clear (1) when preliminary plans could be completed and (2) how the possible relocation will affect construction costs. Under the administration's proposal, however, construction funds will not be needed in the budget year. Consequently, we recommend the Legislature delete \$14,289,000 under Item 5240-301-0001 (27).

OTHER ISSUES

Delete Funding for Various Projects at Institutions Statewide

We recommend the Legislature delete \$3,019,000 from the General Fund requested for eight projects at six institutions because the projects (1) have not been justified, (2) are behind schedule, or (3) should be funded through the support budget.

The Governor's budget includes \$3,098,000 for various phases of eight projects as shown in Figure 3 (see next page). The department has been unable to justify various aspects of the projects, including cost and scope. Many of the projects are behind schedule, while others are not appropriately funded through a capital outlay request. These projects and our concerns with each are discussed below.

Various Institutions—Project Studies. The budget includes a total of \$935,000 for four studies related to various infrastructure issues. Studies to determine capital outlay needs are part of the department's responsibility to develop five-year capital outlay plans. This function is included in the department's support budget and additional funds should not be provided under capital outlay. In addition, the budget includes \$400,000 under Item 5240-301-0001 for the department to undertake planning for projects that may be included in the 2001-02 and 2002-03 Governor's budgets. These funds could be used for the requested studies if they are a high priority. Thus, we recommend the Legislature delete a total of \$935,000 from the request and Items 5240-301-0001 (21), 5240-301-0001 (22), 5240-301-0001 (28), and 5240-301-0001 (43).

Figure 3

Department of Corrections Projects Recommended for Deletion

(Dollars in Thousands)

Item 5240-301-0001	Project Description	Phase ^a	Budget Amount
(21)	California Mens Colony—Fire Alarm System Upgrade	S	\$307,000
(22)	California Mens Colony—Potable Water Treatment Facility Upgrade	S	\$201,000
(28)	California Institution for Women—Infrastructure Study	S	224,000
(34)	California Rehabilitation Center—Patton State Hospital Perimeter Fence	W	508,000
(35)	Sierra Conservation Center—Effluent Disposal Pipeline	W	380,000
(37)	Mule Creek State Prison—Central Plant Renovation	PWC	854,000
(42)	California State Prison—Firing Range Modifications	PWC	342,000
(43)	California State Prison—Construction of Wastewater Plant	S	203,000
Total			\$3,019,000

^a S=study; P=preliminary plans; W=working drawings; and C=construction.

California Rehabilitation Center, Norco—Patton State Hospital Perimeter Fence. The budget includes \$508,000 for working drawings for the Patton State Hospital Perimeter Fence project at the California Rehabilitation Center, Norco. The 1999-00 Budget Act appropriated \$120,000 for preliminary plans, which were scheduled to be completed in March 2000. The future cost to construct this project is \$10,460,000. At the time this analysis was prepared, the Department of General Services reported that the preliminary plans would not be complete until May 2001 and did not have schedule information for working drawings. Given the current status of the project, the requested funds are not needed for the budget year. Consequently, we recommend the Legislature delete \$508,000 under Item 5240-301-0001 (34).

Sierra Conservation Center, Jamestown—Effluent Disposal Pipeline. The budget includes \$380,000 for the working drawing phase of the Effluent Disposal Pipeline project at the Sierra Conservation Center. The 1998-99 Budget Act appropriated \$592,000 for preliminary plans, which were to be complete by December 1999. The 1999-00 Budget Act appropri-

ated \$350,000 for property acquisition for the pipeline. The current schedule indicates that preliminary plans will not be complete until December 2000, one year behind schedule. As a result of the delays in designing the project (estimated in 1998 to cost over \$8 million), the Legislature has no more information on the scope and cost of the project than it had two years ago. Consequently, we recommend the Legislature delete the \$380,000 under Item 5240-301-0001 (35).

Mule Creek State Prison—Central Plant Renovation. The budget includes \$854,000 for preliminary plans, working drawings, and construction to renovate the Central Plant at Mule Creek State Prison, which opened in 1987. The department claims the capacity of the current heating and domestic water distribution systems cannot meet the needs of the new Correctional Treatment Center under construction at the institution. The department also claims that the system capacity is only marginally adequate to serve the existing institution. No data has been provided to substantiate these claims. For example, no information is available documenting the current heating and water system capacity compared to heating and water demand or if any resource conservation measures have been implemented at the prison. In addition, no information has been provided on the heating or water needs of the new correctional treatment facility. Due to a lack of justification for this proposal, we recommend deleting \$854,000 under Item 5240-301-0001 (37).

California State Prison, Sacramento—Firing Range Modifications. The Governor's budget proposes \$342,000 for modifications to the firing range at California State Prison, Sacramento. The range has been open since 1987. Specifically, the project would install a bullet trapping system, regrade the range, and install new walkways, lighting, and drainage. The department identified potential support budget offsets totaling more than \$75,000 per year. While the department has raised questions of safety related to the current range, the proposed work primarily is limited to maintenance of the range—including accumulation of expended ammunition casings, earth berm stabilization, and target maintenance. These are all issues that the institution should address within the \$10 million it receives annually for special repairs in the support budget. Therefore, we recommend the Legislature delete \$342,000 under Item 5240-301-0001 (42).

Additional Information Needed for Six Projects

We withhold recommendation on \$29,682,000 requested for six projects because additional information is needed, including resolution of cost and scope issues.

The Governor's budget includes funding requests for various phases of six projects totaling \$29.7 million, as shown in Figure 4. These project

requests may warrant further consideration pending receipt and review of additional information resolving outstanding scope and cost issues. For all of the projects, more detailed information is required to substantiate the need for the amount requested and future costs. These projects and our concerns with each are discussed below.

Figure 4

**Department of Corrections
Withhold Recommendation Pending Further Information**

(Dollars in Thousands)

Item 5240-301-0001	Project Description	Phase ^a	Budget Amount
(15)	California Medical Facility—Unit V Modular Housing Replacement	PW	\$349
(17)	California Medical Facility—Cell Window Modifications	WC	5,275
(20)	California Mens Colony—Wastewater Collection Treatment Upgrade	WC	23,385
(24)	California Mens Colony—Electrified Fence	PW	196
(26)	San Quentin State Prison—Construct Receiving and Release Building	PW	286
(36)	Sierra Conservation Center—Electrified Fence	PW	191
Total			\$29,682

^a P=preliminary plans; W=working drawings; and C=construction.

California Medical Facility—Unit V Modular Housing Replacement. The Governor’s budget proposes \$349,000 for preliminary plans and working drawings to replace modular housing at the California Medical Facility, Vacaville. The estimated future construction cost is \$5,535,000. The project will construct two 13,200 square foot dormitory style housing units. However, the department has not provided any detailed information to substantiate either the current request or the future cost for the project. If this project is approved, the Legislature should recognize the savings of 11 personnel-years and \$45,000 in annual maintenance costs identified by the department.

California Medical Facility—Cell Window Modifications. The budget includes \$5,275,000 for working drawings and construction to replace 1,662 windows at the California Medical Facility, Vacaville. The project will replace the existing 39-inch by 57-inch windows with 6-inch wide windows. Preliminary planning funds for this project were included in the 1999-00 Budget Act. The requested funds are consistent with the inflation adjusted

amount previously recognized by the Legislature. However in 1999-00, the department was asked to provide information regarding lead paint abatement costs and associated construction budget impacts. At the time this analysis was prepared, this information had not been received.

California Mens Colony, San Luis Obispo—Wastewater Collection Treatment Upgrade. The budget includes \$23,385,000 for working drawings and construction to upgrade the wastewater treatment plant at the California Mens Colony located in San Luis Obispo. The 1999-00 Budget Act appropriated \$950,000 for preliminary plans, which are scheduled to be completed in April, 2000. In addition to the institution, the treatment plant is used by the County of San Luis Obispo and Cuesta Community College. The *Supplemental Report of the 1999-00 Budget Act* directed the department to enter into a cost-sharing agreement with all users of the facility to pay their appropriate share of the project cost. No information has been received to date regarding the status of this agreement.

California Mens Colony, San Luis Obispo—Electrified Fence. The department proposes \$196,000 for preliminary plans and working drawings to construct an electrified fence at the California Mens Colony located in San Luis Obispo. Neither a detailed current cost estimate or the future construction cost has been provided. An annual future cost savings has been identified by the department of 14.5 personnel years and \$725,000 due to reduced security needs. If this project is approved, we recommend the Legislature should recognize the savings identified by the department.

San Quentin State Prison—Construct Receiving and Release Building. The budget includes \$286,000 for preliminary plans and working drawings for a new Receiving and Release Building at San Quentin State Prison. The estimated future construction cost for this project has been identified as \$2.3 million. According to the department, the design proposed will be similar to the receiving and release facility at North Kern State Prison. The department has not provided any justification for the current request or future cost for the project.

Sierra Conservation Center, Jamestown—Electrified Fence. A project to design an electrified fence for the Sierra Conservation Center is included at a cost of \$286,000 for preliminary plans and working drawings. The estimated future construction cost is nearly \$3 million. However, the department has not provided detailed cost information to justify either of these amounts. The project will construct a lethal electric fence around the perimeter of the Level III institution. The department has identified a future annual savings of 14.5 personnel years and \$725,000 due to reduced perimeter staffing. If this project is approved, the Legislature should recognize the savings identified by the department.

DEPARTMENT OF THE YOUTH AUTHORITY (5460)

The Department of the Youth Authority operates 11 institutions (including two reception centers) and six conservation camps throughout the state. The budget includes \$26.4 million from the General Fund for the department's capital outlay program in 2000-01. The estimated future cost to complete these projects is \$15.3 million. The budget includes the following proposals.

- \$8.8 million for six projects to repair or replace various infrastructure systems.
- \$5.2 million for four projects for various security improvements, including new personal alarms.
- \$2.9 million for two projects to build special education facilities.
- \$2.6 million for three projects to build treatment and counseling facilities.
- \$2.4 million for two projects for new or expanded visiting facilities.
- \$3.8 million for minor capital outlay projects (less than \$250,000 per project).
- \$0.7 million for planning and studies.

Of the 18 major capital outlay projects in the budget, 11 were previously funded for preliminary plans and/or working drawings. The budget proposes to fund the working drawings and/or construction phases for these projects. The seven other major projects are proposed for initial funding.

We have identified issues with the projects discussed below.

Projects Recommended for Approval Contingent on Completion of Preliminary Plans

We recommend the Legislature approve \$9,584,000 of funding requests for working drawings and/or construction of four projects pending

completion of preliminary plans consistent with schedule requirements previously agreed to by the Legislature.

The Governor's budget includes funding requests for working drawings and/or construction of four continuing projects that total \$9,584,000 for which preliminary plans were funded in prior years. These proposals are summarized in Figure 1. These requests are all consistent with projects as previously approved by the Legislature. However, preliminary plans are not yet complete and the current scope and cost have therefore not been verified. Thus, we recommend approval of these projects contingent on the receipt of completed preliminary plans that are consistent with the scope and cost previously approved by the Legislature.

Figure 1

**Department of the Youth Authority
Projects Recommended for Approval
Contingent on Preliminary Plan Completion**

(Dollars in Thousands)

Item 5460-301-0001	Project Description	Phase ^a	Budget Amount	Scheduled Completion
(13)	Fred C. Nelles Youth Correctional Facility (YCF)— replace Taft Adjustment Center	WC	\$2,903	5/00
(17)	Heman G. Stark YCF—modify window screens	C	3,103	2/00
(18)	Heman G. Stark YCF—fire alarm system, Education	C	1,916	2/00
(19)	Heman G. Stark YCF—ward room security lighting	C	1,662	2/00
Total			\$9,584	

^a C=construction and W=working drawings.

Specialized Counseling Program

We recommend the Legislature delete \$336,000 requested to convert existing Intensive Treatment Program space to Specialized Counseling Program space because the department has not justified any additional facility requirements for the program. (Delete \$336,000 under Item 5460-301-0001 [3].)

The budget includes a request for \$336,000 for preliminary plans and working drawings to alter an existing building for 50 Specialized Coun-

selling Program (SCP) beds at the Southern Youth Correctional Reception Center and Clinic in Norwalk. The project is to convert the 50-bed Marshal Living Unit, currently used for the Intensive Treatment Program (ITP), upon completion of an ITP facility currently under construction. The proposal is to “harden” the unit, which includes modification of shower areas, removal of floor tile, reinforcing cells, and replacing sinks, toilets, and desks. The estimated future cost of the proposed project is about \$3.2 million.

The department offers a range of mental health services to wards. The most severely affected wards receive clinical services through Correctional Treatment Centers until their condition stabilizes. Wards are then placed in the ITP until their condition improves and they can be moved to the SCP. From the SCP, the wards return to the general population in the institution.

It is not clear why the Marshall Unit needs to be altered for the SCP activities. The unit currently houses wards in the ITP who, as noted above, as their condition improves move to the less intensive SCP. Thus, it is not clear why this unit would need to be “hardened” for the less intensive program. In addition, the department has not provided information to substantiate the need for either the amount requested or the estimated future cost. Consequently, we recommend the Legislature delete \$336,000 under Item 5460-301-0001 (3).

Ventura Youth Correctional Facility—Correctional Treatment Center

We recommend the Legislature delete \$1,778,000 requested for construction of a correctional treatment center at the Ventura Youth Correctional Facility because preliminary plans are not complete, and construction funds will not be needed in the budget year. (Delete \$1,778,000 under Item 5460-301-0001 [16]).

The budget proposes \$1,778,000 for construction of a correctional treatment center at the Ventura Youth Correctional Facility. A total of \$186,000 was provided for preliminary plans and working drawings in the 1998-99 *Budget Act*. The amount requested for construction is \$400,000 (29 percent) more than the future cost previously recognized by the Legislature, after adjusting for inflation.

When the Legislature appropriated funds in 1998, the preliminary plans were to be completed in December 1998 and working drawings were to be complete by May 1999. Now, the department reports that preliminary plans will not be complete until August 2000, and working drawings are not scheduled to be complete until May 2001. Given the history and current status of this project, construction funds likely will not be

needed in the budget year. Furthermore, since preliminary plans will not be completed in the current year, the Legislature has no more information on this project than it had two years ago. Therefore, we recommend the Legislature delete construction funds totaling \$1,778,000 under Item 5460-301-0001 (16).

Statewide Communications Study

We recommend the Legislature delete \$400,000 for the first phase of a study to conduct a statewide survey of the communications systems at each institution because studies of this nature should be funded through the operating budget. (Delete Item 5460-301-0001 [2].)

The budget includes a proposal for \$400,000 for the first of two phases to study the existing communication systems used by the department at various institutions. The second phase of the study, which is projected to cost \$300,000, would develop a needs assessment for each institution, as well as recommendations for implementing the standards outlined in the first phase. No future cost for implementing the standards has been identified.

Studies of this type should be accomplished during the development of the department's five-year capital outlay program. Development of this program is the department's responsibility through the support budget. Therefore, additional funds through a capital outlay appropriation should not be needed. Thus, we recommend the Legislature delete \$400,000 under Item 5460-301-0001 (2).

Fred C. Nelles Youth Correctional Facility—Construct New Kitchen

We recommend the Legislature delete \$505,000 for preliminary plans and working drawings to construct a new kitchen at Fred C. Nelles Youth Correctional Facility because the department has not demonstrated a need to replace the existing facility. (Delete \$505,000 under Item 5460-301-0001 [14].)

The department has proposed \$505,000 for the preliminary plans and working drawings for a project to replace the existing kitchen facility at Fred C. Nelles Youth Correctional Facility in Whittier. The future cost of construction for this project is \$4,737,000. The department indicates the current kitchen has inadequate capacity to serve its population.

The department indicates that growth of 200 wards from the current population of around 800 would increase total food service time by 40 minutes per meal, thereby affecting educational programs. However, the entire Youth Authority ward population statewide is projected to grow

by only 600 wards by 2004. There is no basis for expecting the institution's population to increase by one-third of the total statewide increase. Therefore, the potential problem cited by the department is unlikely to occur. The department also has cited other problems with the kitchen, including the need for equipment repair and building maintenance. These types of issues are ongoing facility operation and maintenance responsibilities and as such are funded through the support budget. In view of these issues, we recommend the Legislature delete \$505,000 under Item 5240-301-0001 (14).

Northern California Youth Correctional Center— Correctional Treatment Center

We recommend the Legislature reduce the \$486,000 requested for preliminary plans and working drawings for the correctional treatment center at the Northern California Youth Correctional Center by \$267,000 to delete funding for working drawings because these funds will not be needed in the budget year. (Delete \$267,000 under Item 5460-301-0001 [6].)

The budget proposes \$267,000 for preliminary plans and working drawings to construct a correctional treatment center at the Northern California Youth Correctional Center in Sacramento. The estimated future cost to construct the project is \$3,646,000. Based on the current project schedule, preliminary plans are expected to be completed by May 2001. Given the schedule and budget problems discussed above regarding the Ventura Correctional Treatment Center, it is doubtful that the plans will be completed on time or that the estimated future cost will not change. Therefore, we recommend the Legislature only approve the preliminary plan phase for this project. If preliminary plans are completed on schedule and within the estimated construction cost, the Legislature could consider a request for working drawings and construction funds for 2001-02.

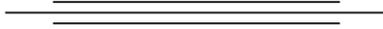
Karl Holton Youth Correctional Facility— Living Unit Security Upgrade

We withhold recommendation on \$195,000 for preliminary plans and working drawings for security improvements at the Karl Holton Youth Correctional Facility pending receipt of further information regarding the need for the project.

The Governor's budget proposes \$195,000 for the preliminary plans and working drawings to upgrade the living unit security systems in 66 units at Karl Holton Youth Correctional Facility in Stockton. The estimated future construction cost for this project is \$1,830,000. The scope of work identified by the department includes stainless steel toilets, new steel plat-

ing for the walls and ceiling, and pass-through slots in the doors. The project will also remove the existing metal beds and install concrete bunks.

While the department has cited security issues, it is unclear why a total of 66 units require these types of improvements. Further information is needed regarding the extent of use of these units as well as justification for the "cell hardening" measures. Consequently, we withhold recommendation on the proposal pending receipt and review of information addressing these issues.



CALIFORNIA STATE LIBRARY (6120)

The California State Library provides services to state government, members of the public, and California public libraries. These services include outreach programs, interlibrary resource sharing, and information technology development.

The budget includes \$510,000 from the General Fund for capital outlay for the library. This amount includes \$460,000 for planning and construction for alterations to the Sutro Library in San Francisco and \$50,000 to study the feasibility of relocating the Sutro Library to a joint-use facility with San Francisco State University.

Sutro Library—Alterations

We recommend the Legislature delete \$460,000 for alterations to the library because the department has neither identified the work to be accomplished nor substantiated the need for the requested amount. (Delete Item 6120-301-0001 [1].)

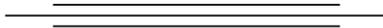
The budget proposes \$460,000 from the General Fund for preliminary plans, working drawings, and construction for alterations to the Sutro Library. The Sutro Library facility (and collection) are operated by the California State Library and located on property leased from San Francisco State University. This request is related to a December 1998 report from the Department of General Services that identified several deficiencies in the library facilities. It is not clear from the report, however, that all of the identified “deficiencies” warrant funding. For example, the report identified some roofing work that should be undertaken in roughly ten years. Moreover, a large number of these deficiencies (such as replacement of air conditioner units and roof repair/replacement) are maintenance issues that should be addressed and funded in the library’s support budget. (The Governor’s budget proposes a \$25,000 augmentation for these purposes in the support budget under Item 6120-001-0001.) Further, the information submitted in support of this request does not iden-

tify what work would be accomplished or substantiate the need for nearly \$500,000. Consequently, we recommend the Legislature delete the \$460,000 under Item 6120-301-0001 (1) for alterations to the Sutro Library.

Sutro Library—Joint-Use Facility Study and Interim Facility Measures

We recommend the Legislature delete \$50,000 for a study to relocate the Sutro Library to a joint-use library facility on the campus of San Francisco State University because there is no need to relocate the library. (Delete Item 6120-301-0001 [2].)

The budget includes \$50,000 to study the possibility of relocating the Sutro Library to a joint-use facility located at the San Francisco State University. Since 1982, the library has been located on a university-owned site across the street from the main campus. The State Library has indicated that the Sutro Library needs to relocate because (1) the university has plans to develop the site where the Sutro Library is located and (2) the university will not agree to a long-term lease. These reasons to relocate do not appear valid. First, the current facilities master plan for the university (included in the university's five-year capital outlay plan) does not include any future development on the Sutro Library site. Second, the site lease agreement signed in 1982 does not include a termination clause and the agreement can be amended only by mutual agreement of the university and the library. Therefore, we recommend the Legislature delete the \$50,000 under Item 6120-301-0001 (2) to study relocation of the Sutro Library.



UNIVERSITY OF CALIFORNIA (6440)

The budget proposes \$288 million from general obligation bonds to fund 40 projects under the University of California's (UC) 2000-01 capital program. Of this amount, \$213 million is for 39 projects from the Higher Education Capital Outlay Bond Fund of 1998. The estimated cost to complete these projects is \$371 million. The budget also proposes \$75 million from the General Fund for three Institutes for Science and Innovation at campuses to be determined. The Governor has proposed future funding for the institutes in the amount of \$225 million—\$75 million in each of the next three years.

We recommend the Legislature approve \$172 million for 30 projects. Further, we recommend the Legislature delete \$7.1 million for three projects (estimated future cost totals \$109 million) and reduce funding for two projects consistent with our recommended construction cost guidelines discussed below. We withhold recommendation on the remaining five proposals because of insufficient information on the scope and cost of each project.

In the analysis below, we begin with a discussion of the appropriate cost guidelines which should be applied to proposed UC construction projects. We then discuss our concerns with ten specific projects.

APPLY CONSTRUCTION COST GUIDELINES IN FUNDING UC PROJECTS

We recommend the Legislature apply construction cost guidelines when funding University of California (UC) capital outlay projects. For classrooms, teaching laboratories, and other types of space for which California State University (CSU) has construction cost guidelines, we recommend CSU's cost guidelines be used when funding similar spaces at UC. Based on our review of nationwide data for comparable buildings, we recommend research space at the university be funded at 68 percent of the amounts proposed in the budget.

Background

Construction cost guidelines for new buildings constructed for higher education have been used since the 1960s. Originally, all three segments used cost guidelines, but in recent years only the community colleges and CSU have continued to do so. The UC no longer uses construction cost guidelines. These guidelines, which are adjusted annually to reflect inflation, are used by the community colleges and CSU to identify a cost per square foot for various types of buildings.

The CSU and Community College Cost Guidelines Are Reasonable. Our review of construction costs at the three segments of public higher education indicates that the community college and CSU costs are in line with those for comparable buildings throughout the country. This conclusion is based on our review of data on 110 instructional buildings (96 containing primarily class laboratories and 14 mainly classrooms) throughout the country, along with reviews of CSU and community college projects. We see no reason why undergraduate classroom and class laboratory facilities and other space (such as faculty and administrative offices) at UC should be more costly to construct than those constructed for CSU. Consequently, for this type of space, we recommend funding UC projects at the CSU construction cost guidelines. In the following discussion, we recommend a separate funding level for UC research space.

Construction Cost—UC Research Buildings

To determine the appropriate funding level for UC research facilities, we first reviewed the construction costs of the fifteen new general research campus buildings funded by the state in 1998-99 and 1999-00 and included in the *2000-01 Governor's Budget*. These buildings were all science and engineering research facilities. The average cost per assignable square foot (asf) for these buildings was \$612.

Comparable Buildings. We then reviewed the construction cost for 192 new publicly (exclusive of UC, CSU, and community colleges) and privately owned research laboratory buildings constructed since 1980 across the country. About 60 percent of these buildings were public and private university buildings, 30 percent were owned by private companies and nonprofit institutions (such as medical centers), and 10 percent were government laboratories. Over 50 percent were used for biological sciences and biomedical research. (The construction costs for these projects were adjusted for inflation and geographic location when outside California). The cost of these buildings ranged from \$159 to \$904 per asf with a median cost of \$354 per asf. The median cost is the level at which half of the buildings in the group are *more* costly and half are *less* costly. It can also be viewed as the cost of the building at the 50th percentile. Similarly,

one could look at the cost of a more expensive building within the group—say a building at the 75th percentile (that is, the building that is costlier than 75 percent of the buildings in the group).

Figure 1 compares the cost of the 15 UC research laboratory buildings with these non-UC buildings. It shows that UC buildings are considerably more costly than the comparison group, at selected percentile levels.

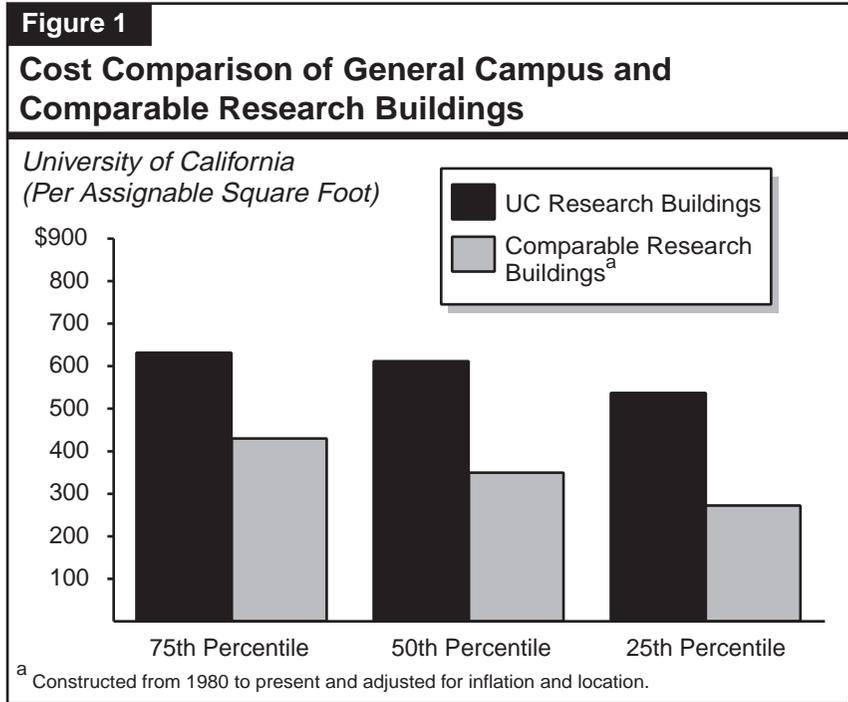


Figure 2 shows the cost of the comparable groups' buildings as a percentage of UC's buildings. It shows that for *high-cost* research space (represented by the 75th percentile), the comparable group's costs are 68 percent of UC's buildings. In other words, UC research facilities cost 32 *percent more than* comparable buildings throughout the country. We would note that had we used the 50th percentile, the recommended reduction to UC's budgeted costs would be 42 *percent*. We have erred on the cautious side by using the figures for higher-cost facilities.

Based on this analysis, we recommend the Legislature reduce the budget requests for new UC research buildings by 32 percent. Of the UC projects in the budget, we recommend a reduction in the amount requested based on this construction cost guideline.

Figure 2**Comparison of UC Research Building Costs
With Costs of 192 Comparable Buildings Nationwide***(Dollars Per Assignable Square Foot)*

Percentile	UC Research Building Costs	Comparable Research Buildings Costs	Comparable Building Costs as Percentage of UC Building Costs
75	\$631	\$427	68%
50	612	354	58
25	537	290	54

PROJECTS RECOMMENDED FOR DELETION

In the “Crosscutting Issues” section of this chapter, we recommend that the Legislature only fund those projects in higher education that bring a campus within 95 percent of state space guidelines for undergraduate instruction space and 90 percent of guidelines for research space. We recommend deletion of the three projects discussed below because the amount of space on these campuses exceeds the space guidelines. (In several cases, the amount of space exceeds 100 percent of the guidelines.) If, however, the Legislature elects to fund any of these projects, we recommend reducing the requested amount and future cost by 32 percent consistent with our recommendation discussed above.

Davis: Sciences Laboratory Building

We recommend the Legislature delete \$4,174,000 to develop preliminary plans and working drawings for the Sciences Laboratory Building at the University of California, Davis, because the amount of space on campus exceeds the space guidelines. (Delete \$4,174,000 from Item 6440-302-0574 [4].)

The budget includes \$4.2 million for preliminary plans and working drawings for an 81,384 asf building that would add 73,144 asf of teaching laboratories, 1,200 asf of offices, and 7,040 asf of classrooms to the Davis campus. Estimated future construction cost is \$43.1 million. The building is estimated to be finished in April 2005.

This instructional laboratory and related space would accommodate enrollment growth. According to UC, the Davis campus currently has about 200,000 asf of teaching laboratories and is projected to increase to

262,000 asf in 2003-04 (based on completion of projects already funded). Based on projected enrollments at the Davis campus, state space guidelines indicate that 214,000 asf of teaching laboratories space would be needed in 2003-04. Thus, under the space guidelines, available space will exceed the amount needed in 2003-04 by 22 percent. (As mentioned above, we have recommended that the Legislature fund projects up to 95 percent of the space guideline in order to maximize the use of limited bond funds. The Davis campus clearly exceeds this level.) Therefore, the Davis campus does not need additional teaching laboratories at this time. Furthermore, if the campus operated year-round or otherwise increased space utilization beyond the guidelines, there would be even less need for this proposal. Deletion of this project would free up \$4.2 million in the current year and \$43 million in future years for higher-priority projects.

San Diego: Engineering Building Unit 3B

We recommend the Legislature delete \$1,714,000 for preliminary plans for this research building because the amount of space on campus exceeds the space guidelines. (Delete \$1,714,000 from Item 6440-301-0574 [12].)

The budget includes \$1.7 million for preliminary plans for an 87,000 asf building that would add 59,255 asf of research space, 16,495 asf of offices, and 11,250 asf of teaching laboratories to the San Diego campus. Estimated future costs include \$2.1 million for working drawings, \$34.3 million for construction, and \$2 million for equipment. The building is estimated to be finished in September 2004.

Research Space. The UC advises that the San Diego campus—with current space and approved projects—will have 996,000 asf of research space by 2003-04. The space guidelines indicate a need for 991,000 asf of research space in 2003-04. (Ninety percent of this amount is 892,000 asf.) Thus, without construction of the proposed new building, the San Diego campus has over 100 percent of the guidelines and about 10 percent more than the level we recommend. If this building is constructed, the campus will have over 1,050,000 asf of research space in 2004. This is 59,000 asf (6 percent) more than the space guidelines and 158,000 asf (18 percent) more than the 90 percent level.

Teaching Laboratories. As mentioned above, we recommend the Legislature fund instructional space (classrooms and teaching laboratories) at no more than 95 percent of state space guidelines. According to UC, the San Diego campus—with current and approved projects—will have 142,000 asf of teaching laboratories space in 2003-04. Based on projected enrollments and the space guidelines, the campus would need 102,000 asf (97,000 at the 95 percent level) in 2003-04. Thus, the campus will have a

healthy surplus of teaching laboratory space in 2003-04 and beyond without adding the 11,250 asf in the proposed project.

Based on the current amount of space at the San Diego campus, the proposed project is not needed. Therefore, we recommend the Legislature delete the \$1,714,000 requested for preliminary plans. This would free up \$1.7 million in this budget, and \$38 million in future years for other priorities.

Santa Barbara: Life Sciences Building

We recommend the Legislature delete \$1,173,000 for preliminary plans for this research building because, except for classroom space, the amount of space on campus exceeds the space guidelines. (Delete \$1,173,000 from Item 6440-301-0574 [18].)

The budget includes \$1.2 million for preliminary plans for a 47,434 asf building that would add 30,166 asf of research space, 11,203 asf of offices, 3,283 asf of classrooms, and 2,782 asf of teaching laboratories to the Santa Barbara campus. Estimated future costs include \$1.1 million for working drawings, \$25.1 million for construction, and \$1 million for equipment. The building is estimated to be finished in September 2004.

Research Space. As discussed above, we recommend that research space not be funded above 90 percent of that justified using historical space guidelines. UC advises that the Santa Barbara campus—with current space and approved projects—will have 852,000 asf of research space by 2003-04. Based on projected enrollment and the space guidelines, the campus would need about 784,000 asf (706,000 at the 90 percent level) of research space in 2003-04. Thus, the approved amount of research space exceeds the amount necessary under the space guidelines by 9 percent (21 percent at the 90 percent level). Therefore, based on the existing amount of research space, the additional 30,166 asf of research space in this building is not needed.

Teaching Laboratories. The amount of teaching laboratory space at Santa Barbara is similar to the situation discussed above for research space. By 2003-04, the campus will have 166,000 asf of teaching laboratory space while the guideline shows a need for 152,000 asf. Thus, the campus already has 14,000 asf (9 percent) above the guideline or 22,000 asf (14 percent) above the 95 percent level. Thus, additional teaching laboratory space is not justified.

Classrooms. Classroom space at the Santa Barbara campus is needed. According to UC, the Santa Barbara campus will have 94,000 asf of classroom space in 2003-04. This is 42,000 asf (31 percent) less than needed under the space guidelines and 35,000 asf (27 percent) below the 95 percent of guideline level. Clearly, there is a need for classroom space at the

Santa Barbara campus and a project to address this need would warrant legislative consideration. This project, however, provides only 3,283 asf of classrooms in a 47,434 asf building and it is therefore not a cost-effective project to meet the need for classroom space. If the campus operated year-round or otherwise increased utilization of space, there would be less need for classroom space on the campus.

Based on the above, the proposed project is not needed and we recommend the Legislature delete the \$1,173,000 requested for preliminary plans. This would free up \$1.2 million in the budget and \$27.3 million in future years for other priorities.

PROJECTS RECOMMENDED FOR REDUCTION

We recommend a reduction of 32 percent in the amounts requested in the budget and in the future cost for the two projects discussed below, in order to bring costs in line with the costs of comparable buildings (as discussed earlier in this item).

Riverside: Science Laboratories 1

We recommend the Legislature reduce the amount requested for working drawings and construction for the Riverside Science Laboratories 1 project by 32 percent to bring the costs in line with comparable buildings. (Reduce Item 6440-302-0574 [8] by \$5,400,000.)

The budget includes \$16,875,000 for working drawings and construction of a 25,600 asf building having 14,127 asf of research space, 8,531 asf of teaching laboratories, and 2,942 asf of offices for use by the chemistry and earth and environmental science departments. This amount of space is within the space guideline levels we have recommended for research and teaching laboratories. The building is scheduled for completion in April 2003. Based on our recommended construction cost guideline discussed above, we recommend the Legislature approve \$11,475,000 for working drawings and construction instead of \$16,875,000. As a result, construction costs would be reduced from \$635 per asf to \$432 per asf and total project cost from \$702 per asf to \$491 per asf.

Riverside: Physical Sciences 1

We recommend the Legislature reduce the amount requested for preliminary plans (and the future costs) for the Riverside Physical Sciences 1 project by 32 percent to bring the costs in line with comparable buildings. (Reduce Item 6440-301-0574 [10] by \$429,000.)

The budget includes \$1,341,000 for preliminary plans for a 73,250 asf building containing 58,403 asf of research space, 5,011 asf of teaching laboratories, and 9,836 asf of offices for use by the chemistry department. This amount of space is within the space guideline levels we have recommended for research and class laboratories. The project is scheduled for completion in May 2005. The budget recognizes future state costs of \$2 million for working drawings and \$45 million for construction.

Based on our recommended construction cost guideline discussed above, we recommend the Legislature reduce the proposal in the budget to \$912,000 for preliminary plans, and recognize future costs of \$1,361,000 for working drawings and \$30,372,000 for construction. Based on this recommendation, the construction cost would be reduced from \$610 per asf to \$415 per asf and total project cost from \$655 per asf to \$466 per asf.

PROJECTS ON WHICH WE WITHHOLD RECOMMENDATION

Northern Regional Library Facility, Phase 3

We withhold recommendation on \$810,000 proposed in the budget for preliminary plans for this project because no information has been provided about the actual utilization and deposit rates for the facility, what measures the University of California is taking to weed out any of the seldom-used materials, and the impact electronic information storage technology will have on this facility.

The budget proposes \$810,000 for preliminary plans for the Northern Regional Library Facility, Phase 3. Estimated future costs are \$1,005,000 for working drawings, \$15,735,000 for construction and \$475,000 for equipment. The facility is intended to supply compact storage for seldom-used library material to be withdrawn from Northern California UC campus libraries, thereby reducing the need for more costly on campus storage. (The UC has agreed to accept deposits from non-UC libraries as well.) The existing facility (Phases 1 and 2) has a capacity to store about 5.45 million volume-equivalents, and UC indicates the facility will be filled in 2000. Phase 3 would add storage capacity for another 2.22 million volume-equivalents. A similar Southern Regional Library Facility is located in Los Angeles.

Information provided in support of this proposal indicates planned deposit rates, but it does not indicate if UC is weeding out any of the seldom-used material that has been in storage for a long time or if any consideration has been given to the impact electronic storage media will have on the need for expanding this facility. Consequently, we withhold recommendation on this project pending receipt of information from UC

describing its program to weed out materials and how electronic storage media could be used to reduce or eliminate the need for this expansion.

New Merced Campus: No Information on Proposed Projects

We withhold recommendation on \$14.3 million requested for three projects at the new Merced campus pending receipt of adequate scope and cost information. We also recommend deletion of budget bill language that would permit the University of California (UC) to establish the scope of work after the Legislature appropriates the funds and also would allow UC to change the funding for two projects without the approval of the Legislature. (Delete Provision 3 of Item 6440-301-0574.)

The budget proposes three projects for the new Merced campus: (1) \$10 million for Site Development and Infrastructure, Step 1, project—which would include such work as grading and drainage, landscaping, vehicular and pedestrian circulation, central utility facilities, and utilities distribution; (2) \$2.5 million for a 100,000 asf Science and Engineering Building; and (3) \$1.8 million for a 120,000 asf Library/Information Technology Center. The UC has not provided information on the projects' scope, costs, or schedules for undertaking the work.

In fact, because of this lack of information, the Department of Finance (DOF) has proposed budget bill language (1) specifying that, prior to release of any of the funds, UC must provide the DOF a project planning guide for each project outlining the scope, cost, and schedule "in accordance with established procedure"; and (2) allowing UC to change the funding levels for the engineering building and library projects without legislative approval so long as the total appropriation is not increased. It is not clear what is meant by "established procedure." It is our view that an essential component of "established procedures" is for the *Legislature* to have information on proposals for which the administration is requesting an appropriation.

Clearly, the Legislature has no information on these projects and based on the proposed budget bill language, neither does the administration. If there is a need to expedite development of the Merced campus, we see no reason why UC cannot develop the necessary information detailing the proposed projects and costs prior to budget hearings. Accordingly, we withhold recommendation on these three projects pending receipt and review of additional information. In any case, we recommend the Legislature delete Provision 3 described above that would permit the establishment of the scope of work after the Legislature appropriates the funds and would allow UC to change the amount appropriated for two proposed projects.

Institutes for Science and Innovation

We withhold recommendation on this \$75 million General Fund proposal to establish three Institutes for Science and Innovation at undetermined University of California campuses, pending receipt of scope and cost information.

The budget proposes \$75 million from the General Fund for three Institutes for Science and Innovation to be sited at UC campuses yet to be determined. These proposals were not in UC's 2000-01 Budget for Capital Improvements nor are they in UC's Five-Year Capital Outlay Plan. According to the Governor's budget, the administration is committed to an additional \$75 million in capital outlay for these institutes in each of the next three years, for a total commitment of \$300 million. The budget bill includes language indicating that the state's investment in the institutes would be matched by private and/or federal funds on a 2 to 1 basis. The site of the institutes apparently will be determined by the administration based on proposals that will be submitted by UC campuses.

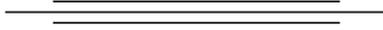
No information has been received about the scope and cost of capital outlay projects that might be proposed for this funding. Accordingly, we withhold recommendation on this proposal, pending receipt of sufficient information about project scopes and costs. If additional information is received, the Legislature may wish to consider funding at that time. If the information is not forthcoming, we would recommend that the Legislature delete the requested \$75 million.

DENY AUTHORITY TO PROCURE PROJECT BY DESIGN-BUILD

We recommend the deletion of budget bill language permitting the procurement of the Central Heating Plant Expansion facility on the Santa Cruz campus using a design-build process. (Delete Provision 1 of Item 6440-302-0574.)

The budget proposes \$2,879,000 for working drawings and construction of the Central Heating Plant Expansion, Phase 2 at the Santa Cruz campus. Proposed budget bill language for this project permits procurement by the design-build process. The design-build process is one in which the state would be contractually bound to pay a certain price for a facility that was not defined by working drawings and specifications. This provides opportunities for misunderstandings, cost overruns, and legal disputes. This process is in contrast to the design-bid process normally required by law, where the facility is fully defined and contractors submit competitive construction bids before the state incurs an obligation to pay a certain price for the work.

The campus has not identified any particular need or benefits to proceeding with this project in other than the normal design and competitively bid process. In view of the disadvantages of the design-build process and the lack of any apparent need to use this process in this instance, we recommend the Legislature not approve the proposed budget bill language.



CALIFORNIA STATE UNIVERSITY (6610)

The budget proposes \$142.8 million to fund 25 major capital outlay projects and \$10.5 million for minor capital outlay projects from general obligation bonds. The estimated cost to complete these projects is \$94 million. Figure 1 summarizes these projects.

Figure 1

California State University 2000-01 Major Capital Outlay Program

(Dollars in Thousands)

Type of Project	Number of Projects	Budget Bill Amount	Estimated Future Cost
Seismic Corrections	1	\$965	—
Equipment	5	7,093	—
Libraries	1	38,710	\$3,887
Telecommunications Infrastructure	14	45,690	50,463
Undergraduate Instructional Improvements			
Renovations	3	35,950	39,559
New construction	1	14,450	—
Totals	25	\$142,858	\$93,909

We recommend approval of \$89.7 million for 23 major capital outlay projects and \$10.5 million for minor capital outlay projects. The future cost for these projects is \$90 million. The two projects we recommend the Legislature not fund are discussed below. We also discuss issues related to the California State University (CSU) San Bernardino, Coachella Valley Off-Campus Center.

Monterey Bay, Science/Academic Center

We recommend the Legislature delete the \$14,450,000 requested for construction of this project because a new building is not needed and was not approved by the Legislature prior to its initiation with nonstate funds. (Delete \$14,450,000 from Item 6610-302-0574 [4].)

The budget proposes construction funding for a 40,000 assignable square foot (asf) building with 3,990 asf classrooms, 23,300 asf teaching laboratories, 2,685 asf for instructional support, and 9,800 asf for faculty and administrative offices to house programs in earth systems science and policy. According to CSU, funding for preliminary plans and working drawings has been obtained from nonstate sources. The proposed project, however, has not been in the campus's five-year capital outlay improvement plan until this year.

According to CSU, the Monterey Bay campus currently has capacity for 2,385 full-time equivalent (FTE) students, an enrollment of 2,080 FTE students, and projects an enrollment of 5,864 FTE students in 2006-07.

The Monterey Bay campus was established when a portion of the Fort Ord Army Base was transferred to CSU as part of the process of deactivating the base. The CSU prepared a needs analysis ("CSU Monterey Bay: Planning for a New University at Fort Ord") that was submitted to the California Postsecondary Education Commission and was the basis for the state's approval of a CSU campus at the Monterey Bay site. The needs analysis indicates that 84 buildings were to be received from the federal government and converted to campus use as necessary, and that they would be renovated with \$128 million to be requested from the federal government. The needs analysis states that "Until the year 2005 it is expected that all capital construction costs will come from the federal government." It also indicates that "It is anticipated that remodeled Fort Ord buildings will be the sole source of the facilities for the campus through the year 2005, at least." The only facilities for which state funding would be sought *after* 2005 are:

- An integrated science facility (targeted for 2010).
- A library facility (targeted in the period 2005 to 2010).
- A Performing and Visual Arts Center (targeted for the year 2005 as a public private partnership).
- Athletic facilities (targeted in the period 2005 to 2025).

We have three concerns with this proposal. First, the state accepted CSU's proposal to establish a Monterey Bay campus on the basis of the commitments made in the needs analysis, including the commitment to not seek state capital outlay funds until at least 2005 and then for specific

facilities. This proposal is contrary to that commitment. Second, it is not clear why the numerous vacant buildings on the campus cannot be renovated to suit program needs. And third, we have consistently recommended the Legislature not fund construction of facilities if the preliminary plans and working drawings have been funded from nonstate sources and the Legislature has never had an opportunity to review the entire project and consider its funding needs in light of the Legislature's statewide priorities. To do otherwise puts the Legislature in the position of accepting a project as a *fait accompli* without having had the opportunity to exercise its legislative authority.

In light of the above, we recommend the Legislature delete funding for this project and direct CSU to adhere to the master plan contained in its needs analysis and utilize nonstate funds for capital outlay at the campus until at least 2005.

San Marcos, Library Information Center

We recommend the Legislature delete \$38.7 million for construction of this project because a new library is not needed at this time. We also recommend the Legislature not fund projects when nonstate funds have been expended prior to Legislative approval, and direct the California State University to discontinue the practice of seeking nonstate funds for projects involving state costs prior to receiving legislative approval of the project. (Delete \$38,710,000 from Item 6610-302-0574 [4].)

The budget proposes \$38.7 million for construction of a 140,200 asf library which also includes a technology center and interim lecture space. Preliminary plans and working drawings for the project were funded with nonstate funds. The Legislature has not previously had an opportunity to consider the need for the project and how it relates to the Legislature's statewide priorities for capital outlay funding. In addition to the budget request, CSU indicates that a future project estimated to cost \$5 million will be requested to alter the current library space for other uses. We have the following concerns with this project.

First, it is not clear that a new library is needed at this time. The CSU has not provided any information on current library space on the campus. Thus, there is no basis for evaluating the adequacy of existing space or the need for more space. Furthermore, the project is not justified based on current or projected enrollment at the campus. The proposal is to construct a library for an enrollment of 8,000 FTE students. The CSU expects to complete the new library in 2003. However, current enrollment at San Marcos is 3,964 FTE students and is projected to reach 7,000 in 2007-08 (the last year of projections). Thus, this new library would not be needed until after 2007-08 and would not need to be funded for construction until

2004-05, at the earliest. If facilities were utilized year-round the project probably would not be needed until many years after that.

In addition, we have the same concern with this project as with the Monterey Bay project discussed above. The CSU is asking the Legislature to appropriate nearly \$40 million to construct a building because CSU independently proceeded with preliminary plans and working drawings for the project using nonstate funding sources. The Legislature, however, was not asked to approve this project before CSU proceeded and has never had an opportunity to review and consider the need for the project or how it fits with the Legislature's statewide priorities for spending limited bond funds. Instead, CSU is now, after the fact, asking the Legislature to fulfill funding commitments that may have been made by CSU. This places the Legislature in an untenable position and CSU should stop this practice. While CSU should be encouraged to obtain nonstate funding to assist in meeting capital outlay needs, seeking nonstate funds for projects involving state costs should only occur if the Legislature agrees that the project is a priority for state funding.

In view of CSU's action on this project and the Monterey Bay project discussed above, we recommend the Legislature (1) not fund projects when nonstate funds have been solicited prior to legislative approval and (2) direct CSU to discontinue the practice of seeking nonstate funds for projects involving state costs prior to receiving legislative approval of the project.

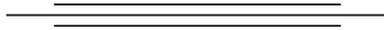
CSU Should Explain Its Intentions for CSU San Bernardino, Coachella Valley Off-Campus Center

We recommend the Legislature not act on the California State University's (CSU's) capital outlay requests for CSU San Bernardino until CSU reports to the Legislature on the current plans and any commitments CSU has made with regard to the CSU San Bernardino, Coachella Valley Off-Campus Center and how CSU plans to fund any future capital improvements.

The CSU San Bernardino, Coachella Valley Off-Campus Center in Palm Desert is estimated by CSU to have a current enrollment of about 370 FTE students. This is projected to increase to about 615 FTE students in 2006-07. There are no capital outlay proposals for this center in the Governor's budget nor in the CSU Five-Year Capital Improvement Program. However, CSU has requested \$380,000 in its support budget (see our discussion in the "Higher Education" chapter of this *Analysis*) to move from facilities it currently shares with the College of the Desert community college to a new, nonstate funded center. The CSU has not provided

any information on the new center but information on the CSU Web site indicates \$9 million of private funds have been raised to construct the first building of a planned \$29 million CSU campus on a 40-acre site. The Web site also indicates that CSU received the 40 acres from the City of Palm Desert under a memorandum of understanding that would provide another 160 acres if CSU decides to establish a campus within 20 years.

This is yet another example of CSU proceeding with major developments that have significant state funding implications before receiving legislative approval. In view of the significance of this new center and the cost implications, we recommend the Legislature not act on the CSU's capital outlay requests for the San Bernardino campus until CSU provides a detailed report to the Legislature on its current plans and any commitments CSU has made with regard to the Coachella Valley Center and how CSU is planning to fund any future capital improvements. (The projects proposed for CSU San Bernardino include \$3,022,000 for equipment for the Behavioral Sciences Building and \$4,671,000 for construction of telecommunications infrastructure.)



CALIFORNIA COMMUNITY COLLEGES (6870)

The proposed 2000-01 capital outlay program for the California Community Colleges totals \$290.2 million from the general obligation bonds approved by the voters in November 1998. This amount includes \$283.6 million for 68 projects that have been previously funded by the Legislature and \$6.6 million for 14 projects that are proposed to the Legislature for the first time. The estimated future cost to complete all projects in the budget is \$77.7 million. Figure 1 shows the types of projects proposed in the community college program.

Figure 1

California Community Colleges 2000-01 Capital Outlay Program^a

(Dollars in Thousands)

Type of Project	Number of Projects	Budget Bill Amount	Estimated Future Cost
Fire and Life Safety	1	\$2,800	—
Seismic Corrections	17	17,778	\$19,054
Equipment	29	15,764	—
Site Development and Utilities	3	12,241	—
Libraries	11	132,326	21,032
Undergraduate Instructional Improvements	21	109,177	37,655
Totals	82	\$290,086	\$77,741

^a Figure does not include \$108,000 request for planning and studies.

Planning and Studies

We recommend the Legislature delete a \$108,000 augmentation for statewide planning and studies because the Chancellor's Office has not substantiated the need for these additional funds. (Delete \$108,000 from Item 6870-301-0574 [1].)

We recommend the Legislature delete the request for \$108,000 for planning and studies because no information has been provided to justify why additional funds are needed for these purposes. For each state-funded capital outlay project, the Chancellor's Office charges each community college district a fee (based on cost of construction) for its staff services. These fees are included in each approved capital outlay project. Consequently, funds are available for the Chancellor's Office project-specific costs. General planning is the responsibility of the Chancellor's Office staff who are funded in the support budget. Consequently, these activities are funded in the support appropriation for the Chancellor's Office. Therefore, we recommend the Legislature delete the requested \$108,000 augmentation under Item 6870-301-0574 (1).

Library Projects Over Budget

We recommend the Legislature reduce the construction funding request for three library projects by a total of \$2,176,000 because the requested amounts exceed the costs recognized by the Legislature when working drawing funds were approved in 1999-00 and no explanation for the increases has been provided. (Delete \$933,000 from Item 6870-301-0574 [10]; delete \$737,000 from Item 6870-301-0574 [24]; and delete \$506,000 from Item 6870-301-0574 [41].)

Three library projects are proposed in the budget for construction funding at costs that are higher than recognized by the Legislature when working drawing funds were approved in the 1999-00 Budget Act. These projects and the increased costs are shown in Figure 2 (see next page).

No information has been submitted to explain the reason for these increases. Therefore, we recommend the construction appropriations proposed in the budget be reduced to the estimated construction costs (adjusted for inflation) recognized by the Legislature at the time funding for working drawings was approved in the 1999-00 Budget Act.

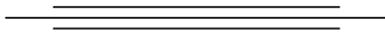
Figure 2

**California Community Colleges
Library Projects Overbudgeted**

(Dollars in Thousands)

District/Project	1999-00 Construction Amount ^a	Budget Bill Amount	2000-01 Budget Bill Increase	
			Amount	Percent
Compton Community College District, Compton College, Seismic Replacement/ Expansion LRC	\$8,551	\$9,484	\$933	10.1%
Kern Community College District, Cerro Coso College, Library/Media Center Addition	7,537	8,274	737	9.8
Mira Costa Community College District, Mira Costa College, Learning and Information Hub	10,454	11,128	506	4.8

^a Adjusted for inflation.



DEPARTMENT OF FOOD AND AGRICULTURE (8570)

The Department of Food and Agriculture (DFA) operates 21 major facilities—16 agricultural inspection stations, two veterinary laboratories, a chemistry and plant pest diagnostic laboratory, and two out-of-state pest laboratories in Arizona and Hawaii. The Governor's budget proposes \$1.9 million for three major projects financed by \$1.5 million from the General Fund and \$0.4 million from the State Highway Account.

Relocation: Yermo Agricultural Inspection Station

We withhold recommendation on \$780,000 for working drawings because it is not clear from the schedule that funding is needed in the budget year. (Withhold recommendation on Item 8570-301-0001 [1].)

This project consists of a new Agricultural Inspection Station at Yermo consisting of a 5,700 square feet (sf) inspection structure, six inspection booths, a 2,500 sf office building, a 900 sf containment building, six vehicle lanes, and four truck lanes. These facilities for DFA are part of a larger project being managed by the Department of Transportation (Caltrans) to construct a "super station" at Yermo that would provide inspection facilities for the California Highway Patrol as well as DFA. The 1999-00 Budget Act appropriated \$522,000 for an environmental study and preliminary plans for this DFA inspection station. The schedule the DFA provided at the time the 1999 appropriation was considered by the Legislature showed preliminary plans would be completed in August 2001 and the environmental study in August 2002. That DFA schedule was part of Caltrans' overall schedule for the "super station."

The DFA has provided a different schedule in support of the appropriation in the Governor's budget. This schedule shows the preliminary plans will be finished June 2000, but it also shows the environmental study will be completed in November 2000. Thus, the preliminary plans would be finished before the environmental study was done, which raises a question if this is a proper sequence in which to do the work. Also, this schedule is

inconsistent with the schedule submitted in support of the 1999 appropriation in that it shows the environmental study being completed 21 months earlier. The discrepancy between the two schedules and the sequence of the work in the latest schedule raises questions the department should answer before the Legislature considers future funding requests. Accordingly, we withhold recommendation on this item until the department provides adequate information to explain the differences in the two schedules and sequence of the work.

Relocation: Truckee Agricultural Inspection Station

We withhold recommendation on \$533,000 for working drawings pending receipt of information explaining the \$4.4 million (58 percent) increase in the cost of the project. (Withhold recommendation on Item 8570-301-0001 [2].)

The Governor's budget proposes \$533,000 for working drawings to relocate the Truckee agricultural inspection station. The facility as now proposed consists of an 8,375 sf inspection structure, 6,840 sf truck inspection structure and detention building, seven vehicle lanes, and three truck lanes. The 1998-99 *Budget Act* included \$676,000 for land acquisition, an environmental impact report, and preliminary plans, and the 1999-00 *Budget Act* included \$347,000 for working drawings for this project. A letter from the DFA to the Department of Finance in January 2000 advised that the total estimated project cost had increased from \$7,647,000 to \$12,089,100 and it was DFA's intent that the \$347,000 appropriated in 1999-00 for working drawings revert to the General Fund and an increased amount of \$533,000 for working drawings be included in the Governor's budget. The Governor's budget, however, does not include a provision to revert the \$347,000 appropriated for working drawings in 1999-00 to the General Fund.

The DFA advises that it began working with Caltrans, which has oversight authority at the site, in September 1998 to develop a project scope and cost estimate, and these were submitted to the Legislature in March 1999 as the basis for the Legislature's inclusion of \$347,000 working drawings funding for the project in the 1999-00 budget. Caltrans advised DFA after March 1999 of additional requirements for the project. The DFA indicates that these additional Caltrans requirements are the main cause of the 58 percent increase in the cost of the project. The DFA has provided a list of additional features and costs—such as a seventh traffic lane, an auxiliary lane, provisions for a future lane, and replacement of asphalt pavement with concrete pavement. It is not clear what has occurred in the last year that would necessitate the various changes nor is there any information to substantiate the associated costs. Accordingly, we withhold recommendation on this item pending receipt of additional information that would explain why this additional work and cost are necessary.

MILITARY DEPARTMENT (8940)

The Military Department is responsible for the command and management of the California Army and Air National Guard. To support its operations, the department maintains 127 armories and 38 maintenance operations throughout the state. These facilities total about 2.5 million square feet of building space. About 70 percent of this space was built before 1960.

The department's proposed capital outlay program for 2000-01 totals \$2.5 million—primarily from the General Fund with \$36,000 in federal funds. This total includes:

- \$1.6 million for minor capital outlay projects (less than \$250,000 per project) to address security issues.
- \$540,000 to conduct a facilities survey and develop a master plan.
- \$329,000 for new project planning and studies.

Schedule Major Capital Outlay Projects

We recommend the Legislature schedule three individual capital outlay projects included under Item 8940-301-0001 rather than provide a lump-sum appropriation.

The budget proposes \$329,000 as a lump-sum appropriation for two major capital outlay projects and planning/study funds for projects for which the federal government funds the construction phase. The two major capital outlay projects are: (1) a new combat pistol range (\$98,000 from the General Fund for preliminary plans, with an estimated future cost of \$2,017,000) and (2) a new rifle range (\$106,000 from the General Fund for preliminary plans, with an estimated future cost of \$2,259,000).

Each of these projects is reasonable and we recommend the Legislature approve the requested amounts. The projects, however, are both major

capital outlay proposals and should be individually scheduled. Thus, we recommend the Legislature schedule these projects as follows rather than provide a lump-sum appropriation.

- Camp San Luis Obispo, Combat Pistol Qualification Course, preliminary plans—\$98,000.
- Camp San Luis Obispo, Modified Record Fire Range, preliminary plans—\$106,000.
- Advance plans and studies—\$125,000.

Facility Survey and Master Plan (Phase II)

We recommend the Legislature delete \$545,000 from the General Fund for the second phase of the department's master plan because the initial phase has not been completed. (Delete \$545,000 under Item 8940-301-0001 [2].)

The budget proposes \$545,000 for the second phase of a statewide master planning effort for the department's armories and maintenance facilities. The purpose of this study is to develop a long-range plan for addressing the department's facilities needs on a statewide basis.

In the 1998-99 *Budget Act*, the Legislature appropriated \$485,000 for the initial phase of this planning effort—a statewide survey to assess the condition of the department's facilities. The survey was to be completed by June 1999. The department reports that the first phase is not complete and is unable to provide a completion date. In addition, the Legislature adopted supplemental report language in 1999-00 directing the department to prepare and submit by January 1, 2000, a long-term capital improvement program detailing proposed repair, modernization, replacement projects and expenditures, and annually report on the progress in attaining the objectives of the plan. When this *Analysis* was written, neither the survey nor the report had been received. Furthermore, the department has not provided any information to substantiate the amount being requested (\$545,000) to undertake the second phase of the master plan. Given the status of these documents and the lack of justification for the requested amount, we recommend the Legislature delete the \$545,000 requested for this plan.

VETERANS' HOME OF CALIFORNIA— YOUNTVILLE (8960)

The Department of Veterans Affairs operates the Veterans' Home of California in Yountville. The Yountville facility provides five levels of care, ranging from residential to acute health care. The 2000-01 capital outlay program for the home includes \$8.7 million from the Veterans' Home Fund (\$4.6 million—bonds) and federal funds (\$4.1 million) for capital improvements. The funds requested from the Veterans' Home Fund are contingent on passage of \$50 million of veterans' home bonds included on the March 7, 2000 ballot. The future cost associated with the requested projects is \$1.3 million. The budget includes the following proposals:

- \$6.6 million to complete working drawings and/or construction for three previously authorized projects.
- \$1.1 million for completion of preliminary plans, working drawings, and construction for two projects: (1) renovations to an existing cemetery and (2) a hospital emergency notification system.
- \$147,000 for preliminary plans and working drawings to renovate a water storage tank and install new water piping.
- \$737,000 for minor capital outlay projects (less than \$250,000 per project).

We recommend the Legislature approve the request of \$1,713,000 for the laundry facility working drawings and construction, \$1,924,000 for the Holderman activity area construction, \$2,994,000 for the Jefferson Hall Section L construction, and \$737,000 contingent on completion of preliminary plans. The remaining projects are discussed below.

Install Hospital Emergency Notification System

We withhold recommendation on \$679,000 for the preliminary plans, working drawings, and construction to install an emergency alarm system in the Holderman Hospital and Annexes because the department has not provided adequate documentation to justify the project.

The budget includes \$679,000 to complete preliminary plans, working drawings, and construction to install an emergency notification system in the Holderman Hospital and Annexes. The system will be designed to notify building occupants in case of fire, earthquake, or other emergencies. The department has referred to a State Fire Marshal citation from October 1997 noting that the existing system does not meet certain codes. According to the department, the hospital received a waiver to continue using the existing system through June 30, 1999.

No documentation has been provided regarding either the Fire Marshal citation or the waiver from the federal Health Care Financing Administration. This information is needed to assess the request. Furthermore, the department has not provided either a detailed cost estimate or project schedule to substantiate the funding requested. Consequently, we withhold recommendation on \$679,000 for this project pending further documentation on project cost and scope of work.

Cemetery Renovation

We withhold recommendation on \$421,000 for preliminary plans, working drawings, and construction for various improvements to the cemetery because the department has not provided detailed cost or scope information for the project.

The budget includes \$421,000 to complete preliminary plans, working drawings, and construction for various improvements to the home's cemetery—including construction of an information kiosk, restroom, and maintenance shed. The cemetery was recently reactivated for burials. The department has also submitted a request for \$773,000 in special repair funds under the support budget for restoration and repair of the cemetery. Thus, the department is proposing to spend a total of \$1,194,000 to repair and upgrade the cemetery.

The department has not provided information detailing what improvements will be accomplished or how this work relates to the work under the proposed special repairs. Furthermore, the department has not provided supporting documentation for the amount requested in this proposal. Consequently, we withhold recommendation on \$421,000 for capital improvements to the cemetery pending further budget and scope information.

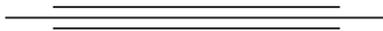
Renovate Water Storage Tank

We withhold recommendation on \$190,000 for the preliminary plans and working drawings to inspect and renovate an existing water storage tank because the department has not provided adequate documentation to justify the project.

The budget includes \$190,000 to complete preliminary plans and working drawings to test, inspect, and renovate an existing 1.25 million gallon water storage tank. The project will also install 4,500 feet of new 12-inch water line to service the tank. The estimated future cost of construction for the project is \$1,263,000. The tank receives water from the existing water treatment plant for storage and serves the water distribution system of the home. The department reports that this project will improve water quality of the holding tank and ensure compliance with health standards.

The department has indicated a problem with water quality. However, no water quality testing information has been provided to indicate a problem. No information has been provided indicating that the Department of Health Services has raised concern over water quality issues at the home.

The proposal includes investigation of operational conditions, repair of structural systems, and disinfection of the tank. However, it is unclear if deficiencies with the tank exist because the department reports the tank is in good condition. Additional information is needed to substantiate the need for this work. Furthermore, the department has not provided cost information to substantiate either the current request or future cost of the project. Consequently, we withhold recommendation of \$190,000 pending further information from the department to justify the request.



VETERANS' HOME OF CALIFORNIA— BARSTOW (8965)

The Department of Veterans Affairs operates the Veterans' Home of California in Barstow. The Barstow facility provides three levels of care, ranging from residential to skilled nursing. The Governor's budget includes a capital outlay request of \$442,000 from the Veterans Home Fund (bonds) for construction of a modified assisted living space at the home. These funds are contingent on passage of \$50 million of veterans' home bonds included on the March 7, 2000 ballot.

Modifications for Assisted Daily Living Activities

We withhold recommendation on \$442,000 under Item 8965-301-0701 for alterations to change domiciliary space to assisted daily living space because the department has not fully identified the project scope, cost, or schedule.

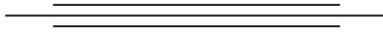
The budget proposes \$442,000 from the Veterans Home Fund for construction to alter existing domiciliary space to assisted daily living space. The department's proposal includes the installation of a wireless monitoring system, construction of a nursing station, and modifications to shower stalls, doors, the fire alarm system, and sprinkler system.

The department has not provided sufficient information to assess either the work to be accomplished or the associated costs. For example:

- The department has identified fire alarm and sprinkler modifications but no explanation is provided as to why these systems would need to be modified or upgraded since the building was recently constructed.

- The department has not included any documentation of the proposed wireless monitoring system or the modifications necessary for installation.
- Cost estimates for the proposed work have not been submitted to substantiate the need for the requested amount.

Consequently, we withhold recommendation on this project pending further information from the department to clarify the issues listed above.



CONTROL SECTION 4.50

We recommend that the Legislature delete Control Section 4.50 because it is not necessary to provide the Department of Finance the additional and broader authority it requests to change items of appropriation for lease-payment bonds and related costs in the budget bill and during the budget year.

Authorization to Change Appropriations for Lease-Payment Bonds Unnecessary

This control section allows the Department of Finance (DOF) without further legislative review to change the amounts appropriated in the budget for payments and other related costs on lease-payment and lease-revenue bonds. As proposed, the section (1) displays specific amounts that the department must adjust for proposed appropriations in the budget bill and (2) authorizes the department to make unspecified adjustments in any item of appropriation, or in any category thereof, for these payments and other related costs anytime during the budget year.

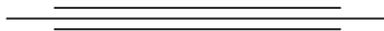
Specific Changes in Proposed Appropriations. This portion of the section requires the department to make specific changes to appropriations in the budget bill. For example, the Secretary of State's budget includes two items of appropriation for lease-payment bond payments—Item 0890-003-0001 from the General Fund and Item 0890-003-0228 from special funds. These items include scheduled appropriations for lease payments and fees, insurance, and reimbursements. Control Section 4.50 then requires the department to add \$5,579,000 to the General Fund appropriation, add \$1,761,000 to the special fund appropriation and the increase reimbursements by a total of \$7,331,000 (the distribution of the reimbursement amount between the General Fund and special funds is not shown). A similar display is provided for lease-payment appropriations for another 12 departments.

It is not clear why this portion of the control section is necessary. There is no reason the DOF when preparing the budget bill (and the May Revision) cannot show the proper amount under the respective

department's budget. This is clearly the case since the department prepares both the departmental budget amount and the changes shown under Control Section 4.50.

Changes During the Budget Year. This portion of the control section authorizes the department to change any item of appropriation for lease-payment bond payments and related costs as reported by the State Treasurer's office. This authority is unnecessary. First, any cost adjustments that may be necessary for the budget year are known before the Legislature takes final action on the budget bill. The Treasurer's Office provides this information at the time the Governor's budget is developed and again at the time of the May Revision. Thus, during hearings on the budget the Legislature can review and approve, as appropriate, any changes that may be necessary in the respective items of appropriation for each department. Second, in the event there are changes during the budget year, the department has the authority under other budget bill control sections, to advise the Legislature if any increased spending authority is needed.

Recommendation. As discussed above, it is not necessary to provide the DOF the authority it requests in this control section. The Legislature can and should appropriate in the budget bill the necessary amount that each department must pay for lease-payment bonds under that department's budget. In the event costs change during the budget year the DOF has other means, elsewhere in the budget bill, of obtaining expenditure authority by notifying the Legislature and thereby providing a measure of legislative oversight. There is no need to give the department additional and broader spending authority. Consequently, we recommend the Legislature delete Control Section 4.50.



FINDINGS AND RECOMMENDATIONS

Capital Outlay

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Crosscutting Issues

Action Steps for Funding Higher Education Capital Outlay

- G-15 ■ **Appropriate Funds on Basis of Statewide Higher Education Priorities.** Recommend funds be appropriated on the basis of statewide priorities and criteria, not the “one-third” formula used in recent years. Recommend projects from all three segments be evaluated as a group, not segment-by-segment.

- G-16 ■ **Focus on Instructional Space.** Recommend focusing funding on undergraduate instructional needs. To serve as many campuses as possible and avoid overbuilding, recommend not funding any project that will increase a campus’s instructional space above 95 percent, and research space above 90 percent, of that justified based on legislatively approved space and utilization standards.

- G-16 ■ **Use Facilities Year-Round.** Recommend evaluating projects that would increase instructional space based on utilization of campus facilities year-round.

Judicial Council

- G-19 ■ **Delete \$5,004,000 Under Items 0250-301-0001 (1), 0250-301-0001 (2), and 0250-301-0001 (3).** Recommend deletion of \$5,004,000 for three projects because the Judicial Council has not provided any information to substantiate the need or cost for these proposals and the Task Force on Court Facilities has not submitted final recommendations concerning court facilities.

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Department of Justice

- G-21 ■ **Replacement Laboratory—Santa Rosa. Delete \$5,470,000 Under Item 0820-301-0001 (1).** Recommend deletion of \$5,470,000 requested for construction of the Santa Rosa Replacement Laboratory project because preliminary plans are not complete, and construction funds will not be needed in the budget year.
- G-22 ■ **Replacement Laboratory—Redding. Delete \$6,548,000 Under Item 0820-301-0001 (2).** Recommend deletion of \$6,548,000 for working drawings and construction for the Redding Replacement Laboratory because the project is one year behind schedule and the request for working drawings and construction is premature.
- G-22 ■ **Replacement Laboratory—Freedom. Withhold Recommendation on Item 0820-301-0001 (3).** Withhold recommendation on the request for \$2,108,000 to acquire the Freedom Replacement Laboratory pending information on the condition and value of the facility.

Department of General Services

- G-24 ■ **Building Renovation Studies. Delete \$244,000 From Item 1760-301-0001 (1), Delete \$150,000 From Item 1760-301-0001 (4), Delete \$200,000 From Item 1760-301-0001 (5), and Delete \$100,000 From Item 1760-301-0001 (6).** Management of these capital assets is a basic responsibility of the department and the cost of these studies should be paid from the department's support budget.
- G-x25 ■ **Bonderson Building Renovation. Delete \$1,400,000 From Item 1760-301-0001 (7).** Recommend deletion because insufficient information to justify scope and cost has been submitted to the Legislature and additional studies are needed.
- G-26 ■ **Van Nuys State Building Tenant Improvements. Delete \$96,000 From Item 1760-301-0001 (8) and Add New Item 1760-301-0666 in the Same Amount, With Budget Bill Language.**

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Recommend funding these building management and maintenance expenditures from the Service Revolving Fund rather than the General Fund, and adopt budget bill language specifying the funds are not available until the department receives a firm commitment to occupy the space.

Department of Transportation

- G-28 ■ **San Diego Office Building: Replacement. Delete \$1,931,000 From Item 2660-311-0042 (2).** Recommend deletion of \$1,931,000 for working drawings because scope of project has changed, preliminary plans will not be completed until mid-to-late in the budget year, and no justification has been provided for the proposed increase in the scope of the project and its impact on the project cost.
- G-29 ■ **Redding District Office Building: Seismic Retrofit. Withhold Recommendation on Item 2660-311-0042 (4).** Withhold recommendation on \$406,000 for construction pending completion of preliminary plans and verification project is within scope and budget.
- G-29 ■ **Los Angeles Office Building: Replacement. Delete \$4,465,000 From Item 2660-311-0042 (6).** Recommend deletion of \$4,465,000 for preliminary plans because Caltrans has not shown that the proposal is cost-effective compared to renovating the existing building.

Department of the California Highway Patrol

- G-32 ■ **South Lake Tahoe: New Facility. Delete \$2,372,000 From Item 2720-301-0044 (4).** Delete \$2,372,000 for working drawings and construction because the site is uncertain and preliminary plans are not available to verify project is within scope and budget.
- G-33 ■ **Monterey: New Facility. Delete \$305,000 From Item 2720-301-0044 (6).** Recommend deletion of \$305,000 for working drawings because the site is uncertain and preliminary plans are not scheduled for completion until January 2001.

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California Conservation Corps

- G-34 ■ **Camarillo Satellite Relocation/Construction. Withhold Recommendation on Item 3340-301-0001 (1).** Withhold recommendation because insufficient information has been provided regarding the proposed site and facilities.
- G-35 ■ **Delta Service District Relocation/Construction. Withhold Recommendation on Item 3340-301-0001 (2).** Withhold recommendation because (1) it is not clear that the corps either need to or should vacate the California State University, Stockton Off-Campus Center site and (2) insufficient information has been provided regarding the proposed site and facilities.

Department of Forestry and Fire Protection

- G-37 ■ **Capital Outlay Program. Withhold Recommendation on Item 3540-301-0001.** We withhold recommendation on the Department of Forestry and Fire Protection's entire capital outlay budget request pending receipt of information that (1) addresses problems in the implementation of the department's capital outlay program and (2) clearly demonstrates what steps will be taken to cure current problems with the capital outlay program.

Department of Fish and Game

- G-40 ■ **Schaeffer Fish Barrier Reconstruction. Withhold Recommendation on Item 3600-301-0001 (1).** Withhold recommendation on \$66,000 for working drawings pending receipt of the preliminary design study and preliminary plans for the project.
- G-40 ■ **Mt. Whitney Fish Hatchery Structural Retrofit. Delete \$309,000 from Item 3600-301-0001 (2) and Provision 2. Add to Item 3600-301-0200 Subitem (3), Mt. Whitney Fish Hatchery Structural Retrofit—Preliminary Plans and Working Drawings, \$309,000.** Recommend shifting funding from the General Fund to the Fish and Game Preservation Fund (FGPF) and

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deletion of provision that the appropriation is a General Fund loan to be repaid from the FGPF.

Department of Parks and Recreation

- G-42 ■ **Department Should Not Employ Capital Outlay Staff on Projects for Other Agencies.** Recommend the Legislature adopt budget bill language directing the department to end the practice of providing capital outlay staff services to other departments and the department should account for reimbursements it has received for this work in the past.

- G-43 ■ **Department Should Not Manage Major Capital Outlay Projects. Delete Provision 1 of Item 3790-301-0001 and Provision 3 of 3790-301-0263.** Recommend the Legislature delete budget bill language that would permit the department to manage five major capital outlay projects.

- G-44 ■ **Off-Highway Vehicle Local Assistance Grants. Withhold Recommendation on Item 3790-101-0263 (1).** Withhold recommendation pending receipt of information about grant recipients and projects.

- G-45 ■ **Lake Oroville State Recreation Area: Sewer System Rehabilitation. Withhold Recommendation on Item 3790-301-0001 (3).** Withhold recommendation pending receipt of information on cost-sharing agreement for this project with the Lake Oroville Area Public Utility District.

Department of Mental Health

- G-48 ■ **Metropolitan State Hospital—Replace R&T and Administration Building. Delete \$533,000 Under Item 4440-301-0001 (2).** Recommend deletion of \$533,000 for equipment because (1) the replacement building is not scheduled to be completed before December 2001 and (2) there should not be a need to purchase equipment for replacement space.

- G-48 ■ **Napa State Hospital—Remodel Building 196, S Units. Delete \$150,000 Under Item 4440-301-0001 (3).** Recommend deletion

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of \$150,000 for a study to remodel Building 196, S Units, at Napa State Hospital because the department has not substantiated the need for a study, and studies of this nature should be undertaken, if necessary, using existing resources in the support budget.

Department of Corrections

- G-50 ■ **Projects Recommended for Approval Contingent on Completion of Preliminary Plans.** Recommend approval of \$23,023,000 of funding requests for working drawings and/or construction of 10 projects contingent on completion of preliminary plans consistent with prior legislative approval.
- G-51 ■ **Inmate Day Labor Program Should Result in Significant Savings.** The use of inmate day labor should be significantly less costly than bidding a project to a private contractor. However, the department is not realizing such savings. If the Department of Corrections cannot commit to providing a substantial savings compared to private contracting for a construction project, we recommend that the Legislature adopt budget bill language prohibiting the use of inmate day labor on major capital outlay projects.
- G-53 ■ **California State Prison, Solano—Correctional Treatment Center, Phase II. Delete \$3,555,000 Under Item 5240-301-0001 (18).** Recommend deletion of \$3,555,000 from the working drawings and construction of the Correctional Treatment Center, Phase II project at California State Prison, Solano because sufficient funds have been appropriated by the Legislature to complete the project and the department has not demonstrated a lack of funds.
- G-54 ■ **North Kern State Prison—Correctional Treatment Center Phase II. Reduce Item 5240-301-0001 (39) by \$952,000.** Recommend reducing the \$2,967,000 requested for construction of the Correctional Treatment Center, Phase II project at North Kern State Prison by \$952,000 because insufficient documentation has been provided to justify this 47 percent increase in the project cost.

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- G-54 ■ **California State Prison, San Quentin—Correctional Treatment Center Phase II. Delete \$14,289,000 under Item 5240-301-0001 (27).** Recommend deletion of \$14,289,000 for the construction phase of the Correctional Treatment Center, Phase II project at California State Prison, San Quentin because the department has not resolved site and location issues and preliminary plans are not complete.
- G-55 ■ **Delete Various Projects at Institutions Statewide.** Recommend deletion of \$3,019,000 from the General Fund requested for eight projects at six institutions because (1) projects have not been justified, (2) are behind schedule, or (3) should be funded through the support budget.
- G-57 ■ **Additional Information Needed for Six Projects.** Withhold recommendation on \$29,682,000 of funding requests for six projects because additional information is needed, including resolution of cost and scope issues.

Department of the Youth Authority

- G-60 ■ **Projects Recommended for Approval Contingent on Completion of Preliminary Plans.** Recommend approval of \$9,584,000 of funding requests for working drawings and/or construction of four projects pending completion of preliminary plans consistent with schedule requirements previously agreed to by the Legislature.
- G-61 ■ **Specialized Counseling Program. Delete \$336,000 Under Item 5460-301-0001 (3).** Recommend deletion of \$336,000 requested to convert existing Intensive Treatment Program space to Specialized Counseling Program space because the department has not justified any additional facility requirements for the program.
- G-62 ■ **Ventura Youth Correctional Facility—Correctional Treatment Center. Delete \$1,778,000 Under Item 5460-301-0001 (16).** Recommend deletion of \$1,778,000 requested for construction of a correctional treatment center at the Ventura Youth Correctional Facility because preliminary plans are not complete, and construction funds will not be needed in the budget year.

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- G-63 ■ **Statewide Communications Study. Delete \$400,000 Under Item 5460-301-0001 (2).** Recommend deletion of \$400,000 for the first phase of a study to conduct a statewide survey of the communications systems at each institution because studies of this nature should be funded through the operating budget.
- G-63 ■ **Fred C. Nelles Youth Correctional Facility—Construct New Kitchen. Delete \$505,000 Under Item 5460-301-0001 (14).** Recommend deletion of \$505,000 for preliminary plans and working drawings to construct a new kitchen at Fred C. Nelles Youth Correctional Facility because the department has not demonstrated a need to replace the existing facility.
- G-64 ■ **Northern California Youth Correctional Center—Correctional Treatment Center. Reduce Item 5460-301-0001 (6) by \$267,000.** Recommend reducing the \$486,000 requested for preliminary plans and working drawings for the correctional treatment center at the Northern California Youth Correctional Center by \$267,000 to provide for preliminary plans only because working drawings do not need to be funded in the budget year.
- G-64 ■ **Karl Holton Youth Correctional Facility—Living Unit Security Upgrade.** Withhold recommendation on \$195,000 for preliminary plans and working drawings for security improvements at the Karl Holton Youth Correctional Facility pending receipt of further information regarding the need for the project.

California State Library

- G-66 ■ **Sutro Library—Alterations. Delete \$460,000 Under Item 6120-301-0001 (1).** Recommend deletion of \$460,000 for alterations to the library because the department has neither identified the work to be accomplished nor substantiated the need for the requested amount.
- G-67 ■ **Sutro Library—Joint-Use Facility Study and Interim Facility Measures. Delete \$50,000 Under Item 6120-301-0001 (2).** Recommend deletion of \$50,000 for a study to relocate the Sutro Library to a joint-use library facility on the campus of San Francisco State University because there is no need to relocate the library.

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- G-68 ■ **Apply Construction Cost Guidelines in Funding University of California (UC) Projects.** Recommend the Legislature apply construction cost guidelines when funding UC capital outlay projects. For classrooms, teaching laboratories, and other types of space for which California State University (CSU) has construction cost guidelines, we recommend the CSU's cost guidelines be used when funding similar spaces at UC. Based on our review of nationwide data for comparable buildings, we recommend research space at the university be funded at 68 percent of the amounts proposed in the budget.
- G-71 ■ **Davis: Sciences Laboratory Building. Delete \$4,174,000 From Item 6440-302-0574 (4).** Recommend the Legislature delete \$4,174,000 to develop preliminary plans and working drawings for the Sciences Laboratory Building at Davis because the amount of space on campus exceeds the space guidelines.
- G-72 ■ **San Diego: Engineering Building Unit 3B. Delete \$1,714,000 From Item 6440-301-0574 (12).** Recommend the Legislature delete \$1,714,000 for preliminary plans for this research building because the amount of space on campus exceeds the space guidelines.
- G-73 ■ **Santa Barbara: Life Sciences Building. Delete \$1,173,000 From Item 6440-301-0574 (18).** Recommend the Legislature delete \$1,173,000 for preliminary plans for this research building because, except for classrooms, the amount of space on campus exceeds the space guidelines.
- G-74 ■ **Riverside: Science Laboratories 1. Reduce Item 6440-302-0574 (8) by \$5,400,000.** Recommend the Legislature reduce the amount requested for working drawings and construction for the Riverside Science Laboratories 1 project by 32 percent to bring the costs in line with comparable buildings.
- G-74 ■ **Riverside: Physical Sciences 1. Reduce Item 6440-301-0574 (10) by \$429,000.** Recommend the Legislature reduce the amount requested for preliminary plans (and the future cost)

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for the Riverside Physical Sciences 1 project by 32 percent to bring the costs in line with comparable buildings.

- G-75 ■ **Northern Regional Library Facility, Phase 3.** Withhold recommendation on \$810,000 proposed in the budget for preliminary plans for this project because no information has been provided about the actual utilization and deposit rates for the facility, what measures UC is taking to weed out some of the seldom-used materials, and the impact electronic information storage technology will have on this facility.
- G-76 ■ **New Merced Campus: No Information on Proposed Projects. (Delete Provision 3 of Item 6440-301-0574.)** Withhold recommendation on \$14.3 million requested for three projects at the new Merced campus pending receipt of adequate scope and cost information. We also recommend deletion of budget bill language that would permit the UC to establish the scope of work after the Legislature appropriates the funds and also would allow UC to change the funding of two projects without the approval of the Legislature.
- G-77 ■ **Institutes for Science and Innovation.** Withhold recommendation on this \$75 million General Fund proposal to establish three Institutes for Science and Innovation at UC campuses to be determined, pending receipt of scope and cost information.
- G-77 ■ **Deny Authority to Procure Project by Design-Build. Delete Provision 1 of Item 6440-302-0574.** Recommend the deletion of budget bill language permitting the procurement of the Central Heating Plant Expansion facility on the Santa Cruz campus using a design-build process.

California State University

- G-80 ■ **Monterey Bay, Science/Academic Center. Delete \$14,450,000 from Item 6610-302-0574 (4).** Recommend deletion of funding for construction because project is not needed and was not approved prior to its initiation with nonstate funds.
- G-81 ■ **San Marcos, Library Information Center. Delete \$38,710,000 from Item 6610-302-0574 (2).** Recommend deletion of funding

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for construction because a new library is not needed at this time and was not approved prior to its initiation with nonstate funds. We also recommend the Legislature not fund projects when nonstate funds have been expended prior to legislative approval, and direct the California State University (CSU) to discontinue the practice of seeking nonstate funds for projects involving state funds prior to receiving legislative approval of the project.

- G-82 ■ **San Bernardino, Coachella Valley Off-Campus Center.** Recommend the Legislature not act on CSU’s capital outlay requests for the CSU San Bernardino campus until CSU reports to the Legislature on current plans and any commitments CSU has made with regard to the CSU San Bernardino, Coachella Valley Off-Campus Center and how CSU plans to fund any future capital improvements.

California Community Colleges

- G-85 ■ **Planning and Studies. Delete \$108,000 From Item 6870-301-0574 (1).** Recommend deletion because the Chancellor’s Office has not substantiated the need for these additional funds.

- G-85 ■ **Library Projects Over Budget. Delete \$933,000 From Item 6870-301-0574 (10); Delete \$737,000 From Item 6870-301-0574 (24); and Delete \$506,000 From Item 6870-301-0574 (41).** Recommend reductions in construction funding for three library projects because they exceed the costs recognized by the Legislature when working drawing funds were approved in 1999-00 and no explanation for the increases has been provided.

Department of Food and Agriculture

- G-87 ■ **Relocation: Yermo Agricultural Inspection Station. Withhold Recommendation on Item 8570-301-0001 (1).** Withhold recommendation on \$780,000 for working drawings pending department providing information on schedule changes and sequence of work.

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- G-88 ■ **Relocation: Truckee Agricultural Inspection Station. Withhold Recommendation on Item 8570-301-0001 (2).** Withhold recommendation on \$533,000 for working drawings pending receipt of additional information to explain a 58 percent increase in project cost.

Military Department

- G-89 ■ **Schedule Major Capital Outlay Projects.** Recommend the Legislature schedule three individual capital outlay projects included under Item 8940-301-0001 rather than provide a lump-sum appropriation.
- G-90 ■ **Facility Survey and Master Plan (Phase II). Delete \$545,000 Under Item 8940-301-0001 (2).** Recommend deletion of \$545,000 for the second phase of the department's master plan because the initial phase has not been completed.

Veterans' Home of California—Yountville

- G-92 ■ **Install Hospital Emergency Notification System. Withhold Recommendation on Item 8960-301-0701 (5).** Withhold recommendation on preliminary plans, working drawings, and construction to install an emergency alarm system in the Holderman Hospital and Annexes because the department has not provided adequate documentation to justify the project.
- G-92 ■ **Cemetery Renovation. Withhold Recommendation on Item 8960-301-0701 (3) and Item 8960-301-0890 (2).** Withhold recommendation on preliminary plans, working drawings, and construction for various improvements to the cemetery because the department has not provided detailed cost or scope information for the project.
- G-93 ■ **Renovate Water Storage Tank. Withhold Recommendation on Item 8960-301-0701 (6).** Withhold recommendation on preliminary plans and working drawings to inspect and renovate an existing water storage tank because the

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department has not provided adequate documentation to justify the project.

Veterans' Home of California—Barstow

- G-94 ■ **Modifications for Assisted Daily Living Activities.** Withhold recommendation on \$442,000 under Item 8965-301-0701 for alterations to change domiciliary space to assisted daily living space because the department has not fully identified the project scope, cost, or schedule.

Control Section 4.50

- G-96 ■ **Authorization to Change Appropriations for Lease-Payment Bonds Unnecessary.** We recommend that the Legislature delete Control Section 4.50 because it is not necessary to provide the Department of Finance the additional and broader authority it requests to change items of appropriation for lease-payment bonds and related costs in the budget bill and during the budget year.

