

2001-02 Analysis

MAJOR ISSUES

Capital Outlay



Implementing the California Infrastructure Plan

- Chapter 606, Statutes of 1999 (AB 1473, Hertzberg), requires the Governor, beginning in 2002-03, to annually submit to the Legislature a five-year infrastructure plan and a proposal for its funding. The information in the plan may not be sufficient for the Legislature to assess statewide infrastructure needs. In addition, we are concerned that the Legislature will not receive the information in a timely manner.
- We recommend the Legislature hold hearings this spring on the administration's process for developing the plan and on the way the plan can be used to effectively provide for the state's future infrastructure. (See page G-15.)



The University of California Construction Costs Are Too High

- The University of California (UC) is the only segment of public higher education in California that does not use construction cost guidelines for budgeting the construction of its buildings.
- Based on our review, we find that UC's construction costs often are extremely high. Therefore, we recommend budgeting facility construction using specified cost guidelines, resulting in significant savings in state construction costs. (See pages G-20 and G-101.)



Sexually Violent Predator Facility Too Large and Too Costly

- The Governor's budget includes \$349.3 million from lease payment bonds for construction of a 1,500 bed mental

health facility to house sexually violent predators. This cost is \$66 million higher than the cost previously recognized by the Legislature. Also, based on the current population projections through 2006, the facility is larger than needed.

- We have withheld recommendation pending an explanation of the high cost and the need for the excess capacity. We also recommend that if funds are appropriated for construction, the Legislature appropriate the necessary amount from the General Fund rather than lease payment bonds. (See page G-68.)



Development of UC Merced Campus Slower Than Legislature's Expectations

- The Legislature has taken extraordinary steps—including the appropriation of \$71.2 million since 1997—to expedite development of the new UC Merced campus with the expectation it would open for instruction in fall 2004.
- Even with this legislative effort, there is little to show in actual progress toward developing the campus. It has also been very difficult to obtain information from UC regarding the status of the new campus.
- We have withheld recommendation on the \$160.4 million requested for capital outlay, pending UC providing the Legislature information on the status of campus planning and development, and the action steps UC will take to expedite development. (See page G-104.)



Year-Round Operation at Higher Education Segments

- Through the implementation of year-round operation (YRO), the three segments of higher education can accommodate projected enrollment growth without the need to build new instructional space.
- We make several recommendations in the analyses of the segment's budgets directed towards ensuring the fastest possible implementation of YRO. (See pages G-21, G-97, G-108, and G-114.)

TABLE OF CONTENTS

Capital Outlay

Overview	G-7
Spending by Area	G-7
Spending by Department	G-7
Funding Sources for Capital Spending	G-10
Bond Funding and Debt Payment	G-12
Crosscutting Issues	G-15
Implementing the California Infrastructure Plan	G-15
Funding Higher Education Capital Outlay	G-19
Departmental Issues	G-23
Judicial Council (0250)	G-23
Office of Emergency Services (0690)	G-25
Department of Justice (0820)	G-26
California Science Center (1100)	G-28
Department of General Services (1760)	G-30

Department of Transportation (2660) G-41

California Highway Patrol (2720) G-44

Department of Motor Vehicles (2740) G-46

California Conservation Corps (3340) G-50

Department of Forestry and Fire Protection (3540) .. G-53

Department of Parks and Recreation (3790) G-57

Air Resources Board (3900) G-62

Department of Health Services (4260) G-63

Department of Developmental Services (4300) G-64

Department of Mental Health (4440) G-67

California Department of Corrections (5240) G-74

Department of the Youth Authority (5460) G-88

Department of Education (6110) G-95

University of California (6440) G-97

California State University (6610) G-107

California Community Colleges (6870) G-113

Department of Food and Agriculture (8570) G-117

Military Department (8940) G-119

Veterans’ Home of California—Yountville (8960)... G-123

Unallocated Capital Outlay (9860) G-126

Findings and Recommendations G-129

OVERVIEW

Capital Outlay

Funding for capital outlay totals about \$2 billion. Half of this amount is for projects financed using general obligation bonds and lease-payment bonds. Most of the remainder (\$780 million) is provided through direct General Fund appropriations.

The 2001-02 Governor's Budget proposes \$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. The proposed amount is a decrease of \$116 million (6 percent) from current-year appropriations. Major increases are \$349 million for the Department of Mental Health for a sexually violent predator facility and \$137 million for the Department of Transportation for a District 7 office building in Los Angeles. These and other increases are offset by reduced amounts in resources (-\$674 million, largely due to significant one-time appropriations in the current year) and judicial (-\$50 million).

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, most of the decrease is in the resources area.

SPENDING BY DEPARTMENT

Figure 2 (see next page) shows the amounts each department requested for capital outlay funding in 2001-02, the amounts included in the Governor's budget, and the future cost for these projects. As shown in the figure, an estimated \$1.5 billion will need to be appropriated in the

future to complete these budgeted projects. Thus, the request before the Legislature represents a total cost of nearly \$3.5 billion.

Figure 1**State Capital Outlay Program**

2000-01 and 2001-02
(In Millions)

	2000-01 Appropriations	2001-02 Governor's Budget	Difference
Legislative, Judicial, and Executive	\$69.2	\$19.2	-\$50.0
State and Consumer Services	54.7	141.7	87.0
Business, Transportation (excluding highways and rail), and Housing	26.9	170.7	143.8
Environmental Protection	0.3	3.1	2.8
Resources	972.2	287.1	-685.1
Health and Human Services	18.7	360.0	341.4
Youth and Adult Corrections	123.7	115.3	-8.4
Education	8.0	2.6	-5.5
Higher Education	826.1	862.3	36.2
General Government	11.3	32.0	21.6
Totals	\$2,111.0	\$1,993.9	-\$116.2

Figure 2**Summary of Proposed 2001-02 Capital Outlay Program**

All Funds (In Thousands)

Department	Requests	Governor's Budget		Totals
		Proposed 2001-02	Future Cost	
Legislative, Executive, and Judicial				
Judiciary	\$1,958	\$1,958	\$24,658	\$26,616
Office of Emergency Services	1,275	1,275	4,586	5,861
Justice	15,933	15,933	—	15,933
State and Consumer Services				
California Science Center	\$10,525	\$10,525	—	\$10,525
Franchise Tax Board	447	447	—	447
General Services	130,688	130,691	\$75,451	206,142
<i>Continued</i>				

Department	Requests	Governor's Budget		
		Proposed 2001-02	Future Cost	Totals
Business, Transportation, and Housing				
Transportation	\$221,173	\$150,859	\$67,617	\$218,476
Highway Patrol	9,694	9,694	6,338	16,032
Motor Vehicles	10,111	10,111	9,941	20,052
Resources				
Tahoe Conservancy	\$21,756	\$21,756	—	\$21,756
Conservation Corps	12,923	12,140	\$11,667	23,807
Forestry and Fire Protection	65,572	61,029	36,516	97,545
Fish and Game	5,125	4,442	—	4,442
Wildlife Conservation Board	21,235	21,235	—	21,235
Boating and Waterways	9,425	8,541	10,413	18,954
Coastal Conservancy	56,435	56,435	—	56,435
Parks and Recreation	73,327	62,936	33,896	96,832
Santa Monica Mountains Conservancy	14,250	14,250	—	14,250
Water Resources	33,263	24,305	41,384	65,689
Environmental Protection				
Air Resources Board	\$2,199	\$2,199	—	\$2,199
Toxic Substances Control	1,118	900	\$17,176	18,076
Health and Human Services				
Health Services	\$2,183	\$2,183	\$47,545	\$49,728
Developmental Services	5,367	5,367	—	5,367
Mental Health	353,505	352,494	32,800	385,294
Youth and Adult Corrections				
Corrections	\$125,004	\$92,692	\$83,600	\$176,292
Youth Authority	23,218	22,646	10,398	33,044
Education				
Education	\$2,568	\$2,568	—	\$2,568
Higher Education				
Community Colleges	\$143,901	\$143,569	\$278,216	\$421,785
California State University	207,000	207,000	82,316	289,316
University of California	511,720	511,720	583,856	1,095,576
General Government				
Food and Agriculture	\$21,922	\$21,922	\$18,373	\$40,295
Military	13,275	2,665	13,475	16,140
Veterans' Homes of California	5,697	5,448	1,298	6,746
Unallocated Capital Outlay	2,000	2,000	—	2,000
Totals	\$2,133,834	\$1,993,935	\$1,466,862	\$3,458,839

FUNDING SOURCES FOR CAPITAL 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 2000-01 capital outlay program to those proposed for 2001-02. The budget proposes increasing the amount for direct appropriations from the General Fund by \$108 million and from special funds by \$39 million. General Fund appropriations include an increase of \$203 million for the University of California. With regard to bond appropriations, the budget includes \$667 million from general obligation bonds (\$554 million for higher education) and \$349 million from lease-payment bonds for the Department of Mental Health.

Figure 3		
Sources of Funds for Capital Outlay Program		
<i>(In Millions)</i>		
Funds	2000-01	2001-02
General Fund	\$650.9	\$758.5
General obligation bonds	1,299.1	667.2
Lease-payment bonds	—	349.3
Special funds	176.1	215.2
Federal funds	6.2	3.7
Totals	\$2,132.3	\$1,993.9

Figure 4 displays the proposed funding for each department.

Figure 4					
Proposed 2001-02 Capital Outlay Program Appropriations by Fund Type					
<i>(In Thousands)</i>					
Department	Bonds	General	Special	Federal	Total
Legislative, Executive, and Judicial					
Judicial Council	—	\$1,958	—	—	\$1,958
Emergency Services	—	1,275	—	—	1,275
Justice	—	15,933	—	—	15,933
					<i>Continued</i>

Department	Bonds	General	Special	Federal	Total
State and Consumer Services					
California Science Center	—	\$10,525	—	—	\$10,525
Franchise Tax Board	—	447	—	—	447
General Services (seismic retrofit)	\$823	28,037	—	—	28,860
General Services (other)	—	101,831	—	—	101,831
Business, Transportation, and Housing					
Transportation	—	—	\$150,859	—	\$150,859
Highway Patrol	—	—	9,694	—	9,694
Motor Vehicles	—	—	10,111	—	10,111
Resources					
Tahoe Conservancy	\$5,517	\$15,043	\$1,196	—	\$21,756
Conservation Corps	—	12,140	—	—	12,140
Forestry and Fire Protection	—	61,029	—	—	61,029
Fish and Game	451	1,665	2,126	\$200	4,442
Wildlife Conservation Board	—	—	21,235	—	21,235
Boating and Waterways	—	—	8,541	—	8,541
Coastal Conservancy	48,235	5,000	1,200	2,000	56,435
Parks and Recreation	43,058	11,030	7,348	1,500	62,936
Santa Monica Mountains Conservancy	14,250	—	—	—	14,250
Water Resources	1,000	23,305	—	—	24,305
Environmental Protection					
Air Resources Board	—	—	\$2,199	—	\$2,199
Toxic Substances Control	—	\$900	—	—	900
Health and Human Services					
Health Services	—	\$2,183	—	—	\$2,183
Developmental Services	—	5,367	—	—	5,367
Mental Health	\$349,287 ^a	3,207	—	—	352,494
Youth and Adult Corrections					
Corrections	—	\$92,692	—	—	\$92,692
Youth Authority	—	22,646	—	—	22,646
Education					
Education	—	\$2,568	—	—	\$2,568
Higher Education					
Community Colleges	\$143,569	—	—	—	\$143,569
California State University	207,000	—	—	—	207,000
University of California	203,311	\$308,409	—	—	511,720
General Government					
Food and Agriculture	—	\$21,250	\$672	—	\$21,922
Military	—	2,629	—	\$36	2,665
Veterans' Homes	—	5,448	—	—	5,448
Unallocated	—	2,000	—	—	2,000
Totals	\$1,016,501	\$758,517	\$215,181	\$3,736	\$1,993,935

^a Lease-payment bonds.

BOND FUNDING AND DEBT PAYMENT

Over the last several years, the majority of capital outlay has been funded with bonds. In the 1990s, the voters authorized \$30.1 billion in general obligation bonds. Most of these authorizations have been for K-12 schools (\$13.1 billion), higher education (\$4.8 billion), transportation (\$5 billion), and natural resources (\$5.1 billion). In addition to these general obligation bonds, the Legislature has authorized \$7 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 around \$3.2 billion in the budget year—an increase of 10 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 \$2.6 billion from the General Fund—an increase of \$296 million over current-year payments.
- **Lease-Payment Bonds.** The state's cost for debt on lease-payment bonds will be about \$574 million in 2001-02—an increase of 1 percent over the current year. We estimate that about 94 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 21 percent in the budget year. The Governor's budget includes one request for lease-payment bond authorization totaling \$349 million.

Figure 5 also shows that with sales of *currently authorized bonds*, total debt payments will increase to \$3.5 billion in 2005-06 and decline thereafter if no new bonds are authorized.

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 3.8 percent for the budget year. As shown in Figure 6, this ratio rose significantly in the early 1990s, peaking at 5.1 percent in 1994-95 and then declined for five years because of strong General Fund revenue growth. We expect that as *currently authorized bonds* are sold the debt ratio will increase slightly to the budget year level of 3.8 percent and then gradually decline after 2002-03.

Figure 5

General Fund Bond Debt Service^a

1995-96 Through 2005-06
(In Billions)

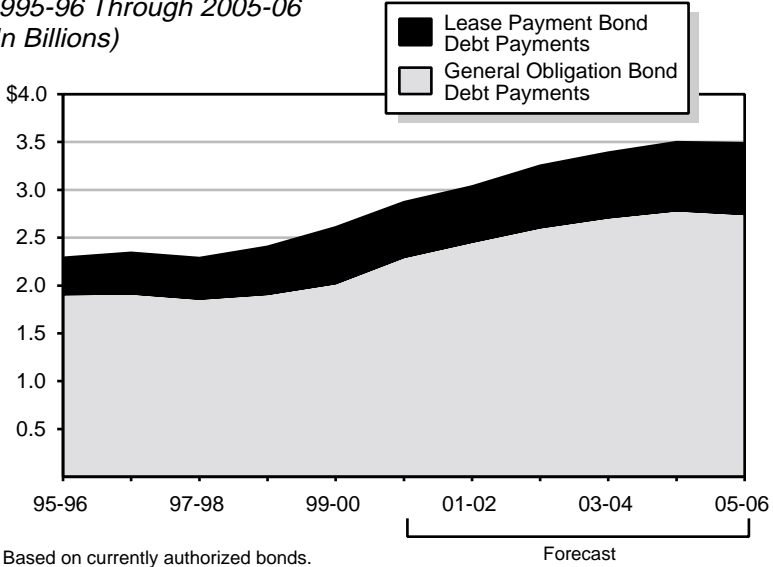
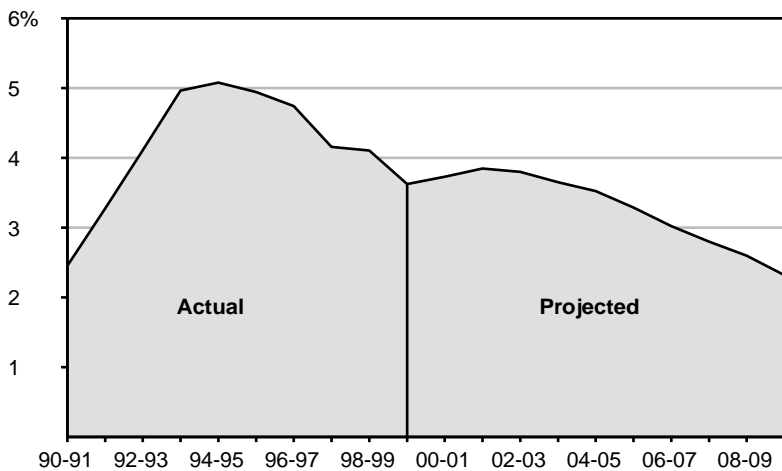


Figure 6

Debt Service Ratios^a

1990-91 Through 2009-10



CROSSCUTTING ISSUES

Capital Outlay

IMPLEMENTING THE CALIFORNIA INFRASTRUCTURE PLAN

The administration needs to provide the Legislature an adequate amount of information on both the state's infrastructure needs and the five-year statewide plan to address these needs. We suggest the Legislature hold hearings on the administration's process for developing the plan to ensure the Legislature receives the necessary information.

Chapter 606, Statutes of 1999 (AB 1473, Hertzberg) enacted the *California Infrastructure Planning Act*. The act requires the Governor, beginning in the 2002-03 budget year, to annually submit to the Legislature a statewide five-year infrastructure plan and a proposal for its funding. The plan is intended to provide the Legislature with a more detailed picture of the state's long-term capital funding needs than has previously been available. As the state's population increases to an estimated 59 million in the next 40 years, the need for investment in *new* capital facilities to meet the demands of population growth will be great. Compounding the challenge will be the need to renovate and replace *existing* facilities in order that they can continue to serve their purpose.

What the California Infrastructure Planning Act Requires

Chapter 606 requires that the following information be included in the five-year infrastructure plan:

- Identification of new and renovated infrastructure requested by state agencies to fulfill objectives identified in strategic plans.

- Aggregate funding for transportation infrastructure identified in the State Transportation Improvement Program.
- Infrastructure needs for K-12 public schools.
- Instructional and instructional support infrastructure for the three segments of higher education.

For all of the infrastructure identified, the plan is required to provide an estimate of its cost and a proposal for funding, subject to the following:

- If the funding proposal does not provide for all of the infrastructure identified, the plan shall indicate the priorities and criteria used to select the infrastructure it does propose to fund.
- The funding proposal shall identify the specific funding sources to be used, such as the General Fund, special funds, general obligation bonds, and lease-payment bonds. If the proposal plans the issuance of new state debt, it shall evaluate the impact of the issuance on state's overall debt position.
- The funding proposal is not required to recommend specific projects for funding, but may instead recommend the type and quantity of infrastructure needed to meet program objectives.
- Any capital outlay or local assistance appropriations proposed for funding in the Governor's budget shall derive from and be encompassed by the proposal contained in the first year of the plan.

Information the Legislature Needs

The Legislature needs adequate information in the plan in order for it to be a useful document. Important information that is needed *but not specifically required* is discussed below.

Projects Should Be Identified. The Legislature needs to have specific projects identified with a definition of scope and cost for each of the five years covered by the plan. This is needed to provide a sense for what the outcomes would be if the plan were implemented. This also would give the Legislature information that is necessary to determine if the administration's proposals are consistent with legislative priorities or if other projects should be approved. Providing a plan with project specific information should not be a problem. This is because in order to prepare a meaningful five-year plan, each department must evaluate specific needs, identify projects necessary to address these needs and set priorities over the five-year period. In fact, departments have prepared project specific five-year plans for many years. This practice should continue and be incorporated into the statewide plan.

Program Information. The Legislature needs two types of information to evaluate projects in the infrastructure plan. First, the plan should identify the programmatic need for the facilities. The Legislature needs to understand how the departments' operations relate to program needs, and how operations drive the need for facilities. If the department is experiencing program growth and that is causing a need for new facilities, this information needs to be provided. If the department has added new program functions or entire new programs, the infrastructure plan needs to show how this causes a need for new or renovated facilities. Second, if individual projects are themselves part of a statewide capital outlay program, the Legislature should have information about the scope and total cost of the larger program. For example, a department with a large number of older service facilities (such as motor vehicle offices or forest fire stations) throughout the state may have determined that replacement or renovation of many facilities is needed because of age and functional obsolescence. The Legislature needs to understand the need, scope, and cost of the entire program so that it can consider the long-term funding requirements. This will allow the Legislature to consider individual capital outlay projects with an understanding of the total capital commitment required.

Priorities and Criteria. The infrastructure plan should reflect projects in priority order and include the criteria used by the administration to set priorities. In addition, when each department prepares its five-year plan, the projects should be in priority and the department's criteria identified.

Strategic Plans Needed for All Departments. All departments are required to prepare or update strategic plans. The administration needs to submit these plans to the Legislature and the infrastructure plan should address how specific capital outlay projects relate to strategic goals and objectives. Conformance to the requirements of a department's strategic plan should be part of the criteria used for setting priorities.

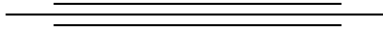
Steps Legislature Can Take Regarding Infrastructure Plan

As discussed above, the infrastructure plan should provide the Legislature with more information than it has had in the past. The specific information that is required to be included in the plan, however, may not be sufficient for the Legislature to assess whether or not the plan supports statewide infrastructure needs.

Also, we are concerned that the Legislature will not receive the information in a timely manner. For example, the Department of Finance (DOF) issued a budget letter dated January 12, 2001, directing departments not to share capital outlay information, including budget proposals and five-year plans, with our office. This is contrary to the practice of over 30 years, whereby the departments have sent the information to our office at the

same time it is sent to DOF. This will severely limit our ability to conduct site visits of proposed projects and provide timely policy analysis and recommendations to the Legislature. This also greatly restricts the information available to the Legislature when it is asked to appropriate capital outlay proposals.

For the Legislature to use the plan effectively, it needs to know the specific projects that will provide the infrastructure needed by the state. To do this the Legislature needs information about the administration's proposed capital outlay projects *and about alternatives*. It needs to know how these projects will help the state achieve its programmatic goals, and it needs to know what priorities and criteria the administration used in selecting projects to propose for funding. To begin the Legislature's participation in the infrastructure planning process, we recommend the Legislature hold hearings this spring on the administration's process for developing the plan and on the way the plan can be used by both the administration and Legislature to more effectively provide for the state's future infrastructure.



FUNDING HIGHER EDUCATION CAPITAL OUTLAY

We recommend the Legislature provide funding for higher education capital outlay based on statewide priorities and criteria, using reasonable construction cost guidelines, and on the basis of year-round operations.

We have previously recommended the Legislature fund the capital outlay program for the three segments of higher education based on statewide priorities and criteria, making use of appropriate construction cost guidelines, and on the basis of year-round operation (YRO) of facilities. Our recommendations in this *Analysis* continue to be based on these principles, which are discussed below.

Priorities and Criteria

In our *Analysis of the 1998-99 Budget Bill*, we recommended the Legislature apply statewide priorities and criteria when funding higher education capital outlay. We continue to recommend this approach. We have, however, made two modifications to our recommended funding priorities. Previously, we included faculty and administrative offices and research facilities and support facilities in the last priority of project types. We have modified our earlier proposal by moving faculty and administrative offices and research facilities to a higher priority following directly after undergraduate academic programs. We made this change to recognize the link between undergraduate enrollment, faculty, and University of California (UC) faculty research. We have also incorporated the need to increase the efficient use of facilities through YRO. Our recommended priorities and criteria are summarized in Figure 1 (see next page). Also, we recommend the Legislature appropriate funds on the basis of statewide priorities and criteria, not on the formula used in recent years that allocates one-third of available bond funds each to UC, California State University (CSU), and the community colleges.

Figure 1

LAO Recommended Priorities for Funding Higher Education Capital Outlay Projects

Priority Order	Description of Priority
1	Critical Fire, Life Safety, and Seismic Deficiencies
2	Necessary Equipment
3	Critical Deficiencies in Utility Systems
4	<p>Improvements for Undergraduate Academic Programs</p> <ul style="list-style-type: none"> ✓ New construction or renovations that increase instructional efficiency, and are needed based on year-round operation. ✓ Libraries. ✓ Renovation of existing instructional buildings. <ul style="list-style-type: none"> • Enrollment shifts in wet laboratories. • Enrollment shifts in other instructional spaces. • Buildings 30 years or older that no longer can accommodate the academic program. • Instructional program changes.
5	<p>Research and Administrative Facilities</p> <ul style="list-style-type: none"> ✓ Research laboratories. ✓ Faculty and administrative offices.
6	Integrity of Operationally Important Facilities
7	Support Facilities

Construction Cost Guidelines

In our *Analysis of the 2000-01 Budget Bill*, we reported on our study of the cost of constructing community college, CSU, and UC buildings compared to those of similar buildings elsewhere. Based on our review of construction costs for over 550 classrooms, teaching laboratories, and re-

search buildings, we have concluded that construction cost guidelines used by CSU and the community colleges are in line with construction costs elsewhere. However, for UC, which does not use construction cost guidelines, construction costs are extremely high. Thus, we recommended—and continue to recommend—that the Legislature fund UC facilities—other than research laboratories—based on the CSU guidelines.

With regard to UC research facilities, we updated our review of 357 research buildings comparable to those at UC. It shows that the construction cost of those at the 75th percentile (that is, the building that is costlier than 75 percent of the buildings in the group) is \$441 per assignable square foot. While UC research buildings can be expected to have a range of costs (depending on the research program to be housed), we recommend they be funded in an amount not exceeding the 75th cost percentile. Figure 2 shows our recommended construction cost guidelines for the most common types of buildings. Our recommendations on projects in the Governor’s budget are based on these construction cost guidelines.

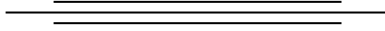
Figure 2	
LAO Recommended Construction Cost Guidelines	
<i>(Dollars Per Assignable Square Foot)</i>	
Building Type	Construction Cost Guideline
Offices	\$268
Classroom buildings	270
Teaching laboratory buildings	385
Research facilities	441

Year-Round Operations

We recommend the Legislature fund capital outlay for higher education on the basis of YRO. Doing so can permit the segments to provide up to one-third more students with an opportunity to attend college without the need to build more instructional buildings. With YRO, UC could accommodate up to 50,000 additional full-time equivalent students in its existing facilities. The CSU campuses could accommodate up to an additional 90,000.

The community colleges say that they currently operate their campuses year round, but the state provides capital outlay funding to them on the basis of operating only three quarters of the year. This results in capital outlay funding in excess of what is needed. We, therefore, recommend the Legislature fund capital outlay for community colleges on the basis of YRO.

Construction of new facilities may be necessary under YRO, but it will be on an exception basis and for reasons other than enrollment growth. For example, new teaching laboratories may be needed because of shifts in academic programs, or new instructional facilities may be justified because they increase instructional efficiency (for example, using distance learning).



DEPARTMENTAL ISSUES

Capital Outlay

JUDICIAL COUNCIL (0250)

The 2001-02 Governor's Budget includes nearly \$2 million from the General Fund for the Judicial Council for capital outlay. This amount would fund various phases of design and construction of four projects, including new appellate courthouses in Santa Ana and Fresno, and renovation of the existing appellate courthouse in Los Angeles.

Site Acquisition and Preliminary Plans for Two Courthouses Behind Schedule

We recommend the Legislature delete \$1.3 million requested for the working drawing phase of new appellate courthouses in Santa Ana and Fresno because the courthouse sites have not been acquired and working drawing funds will not be needed in the budget year. (Delete Items 0250-301-0001 [1] and [2]).

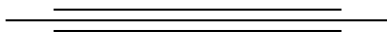
The budget includes \$1.3 million from the General Fund for working drawings to construct a new 43,311 gross square feet (gsf) appellate courthouse in Santa Ana (\$621,000) and a new 51,399 gsf appellate courthouse in Fresno (\$684,000). Funding for property acquisition and preliminary plans was appropriated in the 2000-01 Budget Act. At that time, site acquisition for both projects was scheduled to be complete by November 2001. The Department of General Services reports site selection has been delayed and acquisition will not be complete for either project until May 2002. Preliminary plans for the projects cannot be completed until after

the sites are acquired. Given that both projects are behind schedule, working drawing funds will not be needed in the budget year. Consequently, we recommend the Legislature delete \$1.3 million under Items 0250-301-0001 (1) and (2).

Withhold Recommendation on Courthouse Renovation

We withhold recommendation on \$567,000 for the preliminary plans, working drawings, and construction to renovate the 2nd Appellate District courthouse because it is unclear whether the court's vacant judicial and staff positions will be filled in the budget year.

The Governor's budget includes a request for \$567,000 from the General Fund to renovate 4,900 square feet of office space in the 2nd Appellate District courthouse in Los Angeles in order to provide additional space for judicial staff and judges chambers. These funds would be used to renovate existing space for judicial chambers and related office space for attorneys and staff. The court recently received authorization, through Chapter 998, Statutes of 2000 (SB 1857, Burton) for four additional judges. However, the four judges have not been appointed, and it is not clear when the positions will be filled. Furthermore, the court has 40 vacant staff positions in the 2nd District, including 16 positions associated with the new judges. Given these currently unfilled positions, it is not clear that renovations to the existing court space are necessary. Pending information regarding these staffing issues, we withhold recommendation of \$567,000 under Item 0250-301-0001 (3).



OFFICE OF EMERGENCY SERVICES (0690)

The 2001-02 Governor's Budget includes nearly \$1.3 million from the General Fund for the Office of Emergency Services (OES) capital outlay program. This amount would fund site acquisition and preliminary plans to construct additional facilities at the department's new headquarters building.

Insufficient Information on Proposed Headquarters Buildings

We recommend the Legislature delete \$1.3 million for site acquisition and preliminary plans to construct additional facilities at the department's new headquarters because no justification has been provided for why these are needed. (Delete Item 0690-301-0001 [1]).

The Governor's budget includes a request for \$1.3 million from the General Fund for site acquisition and preliminary plans to construct warehouse, laboratory, and shop space at the department's new headquarters in east Sacramento County. The proposal includes \$1.1 million for site acquisition of three acres and \$206,000 for preliminary plans for a 22,570 gross square foot facility. The estimated future cost for working drawings and construction is \$4.6 million.

The Legislature originally approved site acquisition and design for the new headquarters building in 1996-97. At that time, the project included over 32,000 square feet of warehouse and shop space for OES. During design of the project, OES reevaluated the need for this space and determined that it was no longer needed. Consequently, when OES requested funds for construction, the Legislature was informed of this change and the project was approved as requested (that is, without warehouse and shop space).

The department has provided no information to justify why the previously approved scope of work for the headquarters building is inadequate. Consequently, we recommend the Legislature delete \$1.3 million under Item 0690-301-0001 (1).

DEPARTMENT OF JUSTICE (0820)

The Department of Justice (DOJ) operates ten criminalistics 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 2001-02 Governor's Budget includes nearly \$16 million from the General Fund for the Department of Justice to construct a new state DNA laboratory (\$15 million) and a fire suppression system at the Hawkins Data Center (\$933,000).

No Justification for New DNA Laboratory

We recommend the Legislature delete \$15 million from the General Fund for design and construction of a new DNA analysis laboratory because no information has been provided to justify the need for a new laboratory. (Delete \$15 million under Item 0820-301-0001 [2].)

The Governor's budget includes a request for \$15 million from the General Fund for site acquisition, preliminary plans, working drawings, and construction of a new DNA laboratory for the department. No information is available regarding the need, location, cost, schedule, or scope of work for a new laboratory. The administration apparently also has little information since it has included budget bill language specifying that a site selection panel—the Attorney General and Directors of Finance and Corrections—will determine the most appropriate location.

In addition, there is no information regarding workload, the need for additional analysis capabilities, or why the existing Berkeley Laboratory is insufficient. The Legislature has authorized \$78 million over the last five years for various phases of acquisition, design, and construction of seven forensic laboratories across the state. At least three of these facili-

ties, when completed, will have DNA analysis laboratories. This new DNA analysis capability, coupled with the Berkeley Laboratory and other DNA laboratories (such as county facilities), should be considered when evaluating the need for a new laboratory.

Given the lack of information on this project, we recommend the Legislature delete \$15 million under Item 0820-301-0001 (2).

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CALIFORNIA SCIENCE CENTER (1100)

The 2001-02 Governor's Budget includes \$11.1 million from the General Fund for the California Science Center for capital outlay. This amount would fund Phase II of the Science Center expansion project (\$10.5 million) and minor capital outlay (projects which cost less than \$400,000).

Phase II Schematic Plans Not Complete

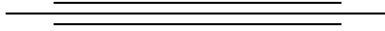
We withhold recommendation on the \$10.5 million requested for preliminary plans and working drawings for the Science Center Phase II project pending completion of schematic plans and associated cost estimates, and information from the Science Center assuring the availability of the substantial private donations necessary to undertake the project.

The Governor's budget includes a request for \$10.5 million from the General Fund for preliminary plans and working drawings to design the Phase II expansion project for the Science Center. The Legislature appropriated \$3.1 million in the 2000-01 Budget Act to develop schematic plans and associated cost estimates for this project. When the Legislature approved these funds, the project included a new educational learning center (100,000 square feet [sf]), office space (50,000 sf), and an expansion of the World of Life and Special Exhibit Gallery (30,000 sf). In addition, the estimated future cost was \$110.5 million, of which the state's share was \$24.4 million and private donations totaling \$86.1 million.

When this *Analysis* was written, the administration had not submitted any additional information on the project. It is our understanding, however, that the schematic plans are scheduled to be completed in March 2001. Once these plans are submitted, the Legislature will have better information regarding the scope and costs for the project. In addition, the Science Center should provide information on the status of obtaining the significant amount of private donations the center committed to last year. The state should not proceed with multimillion dollar expenditures for

design of this joint-funded facility without assurance that the private donations will be available.

Pending receipt of this information, we withhold recommendation on the \$10.5 million request. Given the size and complexity of this project, it is not clear that the Legislature will have sufficient information to warrant appropriation of the \$8.4 million requested for working drawings or if this work could even be undertaken in the budget year.



DEPARTMENT OF GENERAL SERVICES (1760)

The budget includes \$131 million for the Department of General Services (DGS) capital outlay program. This amount includes \$0.8 million in general obligation bonds for continued management of projects to improve the earthquake safety of state buildings, and \$130 million from the General Fund for:

- 24 seismic retrofit projects at prisons and state hospitals (\$28 million, including project administration).
- Food and Agriculture Building renovation, 1220 N Street, Sacramento (\$21 million).
- Food and Agriculture Annex renovation, 1215 O Street, Sacramento (\$2 million).
- Partial acquisition of the Capitol East End Complex in Sacramento (\$22 million).
- Office Building 8 renovation, 714 P Street, Sacramento (\$2 million).
- Office Building 10 renovation, 721 Capitol Mall, Sacramento (\$2 million).
- Acquisition of the Mission Valley State Office Building in San Diego (\$40 million).
- Bonderson Building renovation (\$13 million).

STATE BUILDING SEISMIC RETROFIT PROGRAM

The DGS administers the state's seismic retrofit program in order to decrease the risk to life resulting from major earthquakes by rehabilitating state-owned buildings. In June 1990, the voters passed Proposition 122—the Earthquake Safety and Public Buildings Rehabilitation Bond Act—that provided \$300 million in general obligation bonds for the pur-

pose of earthquake safety improvements. The act allocated \$250 million for state buildings (excluding higher education programs) and \$50 million for matching grants for local government buildings. Provisions of the bond act specify purposes for which the proceeds can be used, including the retrofit, reconstruction, repair, replacement, and relocation of state and local buildings found seismically deficient.

The budget includes requests totaling \$28 million from the General Fund and \$823,000 from the seismic bonds for 24 seismic retrofit projects of various state-owned facilities and administrative costs for the department. This represents a decrease of almost \$15.3 million from the current year for the program. The current-year funding, however, is from the bonds, not the General Fund. The budget includes the following proposals:

- \$16.6 million for various phases of design and construction of eleven projects to retrofit buildings at four institutions for the Department of Mental Health.
- \$6.7 million for various phases of design and construction of nine projects to retrofit buildings at six prisons for the Department of Corrections.
- \$3.4 million for various phases of design and construction of three projects to retrofit buildings at two centers for the Department of Developmental Services.
- \$540,000 to retrofit the Administration building at the Yountville Veterans' Home.
- \$1.6 million for administration of the program.

Existing General Obligation Bonds Should Be Used to Fund Projects

We recommend the Legislature fund seismic retrofit projects using existing general obligation bonds rather than the General Fund.

The budget proposes to fund all 24 seismic retrofit projects from the General Fund at a cost of \$27.3 million even though around \$29.5 million of the general obligation bonds are still available. These bonds can only be used to improve the earthquake safety of state buildings. Thus, we recommend the Legislature use bonds to finance the highest priority projects and the General Fund for remaining high priority seismic retrofit projects and other statewide capital outlay needs. This combination of using available bonds and the General Fund will maximize the state's available resources.

Recommended Reserve for Currently Authorized Projects. Because of the nature of the seismic retrofit projects, we believe it is prudent to reserve a portion of the bonds to fund potential project cost increases. These

increases can occur because of such things as higher construction bids or unexpected conditions in the building to be retrofitted. To cover this potential, we recommend setting aside 10 percent of the amount appropriated for projects which have not been bid. Based on available information, this would mean setting aside \$2.8 million, leaving \$26.7 million to appropriate for projects.

Bond Funding for Previously Approved Projects

We withhold recommendation on eight proposed projects totaling \$13.3 million pending receipt of preliminary plans. If the plans are received, we recommend the Legislature shift the funding from the General Fund to general obligation bonds.

The budget includes \$13.3 million from the General Fund for eight projects, as detailed in Figure 1. These are projects the Legislature has previously approved and appropriated bond funds for design of the retrofit work. These projects should proceed if preliminary plans have been completed and are available for legislative review. There are sufficient bond funds to complete these projects. Therefore, pending receipt of the preliminary plans, we recommend the Legislature fund these projects—but using bonds rather than the General Fund.

Figure 1

**State Building Seismic Retrofit Program
Preliminary Plans Not Completed**

(In Thousands)

Item 1760-301-0001	Project Description	Phase ^a	Budget Amount
(8)	Metropolitan State Hospital—main kitchen	W; C	\$3,721
(9)	Yountville Veterans' Home— administration building	W; C	540
(10)	Metropolitan State Hospital—laundry	W; C	1,392
(11)	Napa State Hospital—Building 199 Unit 2	W; C	2,351
(13)	Correctional Treatment Facility— hospital Wing Q	W; C	2,288
(14)	California Men's Colony—administration Building A	W; C	874
(15)	Deuel Vocational Institution— hospital building	W; C	804
(16)	California Correctional Institution— Dorms E1, E2, E3, E4	W; C	1,378
Total			\$13,348

^a W= working drawings and C = construction.

Proposed Expenditure of Remaining Bonds

We withhold recommendation on 15 additional projects until the department revises the project priorities.

The state is divided into two areas of seismic activity—Seismic Zone 3 (lower risk of seismic activity) and Seismic Zone 4 (greater risk of seismic activity). Areas within Zone 3 include much of the Central Valley and northern half of the state. Zone 4 consists of all other areas, including the San Francisco Bay Area, most of the coastal region, and significant portions of Southern California. The Governor's budget proposes to fund projects in Zone 4 only, while other buildings with larger occupancies located in Zone 3 would remain unfunded. The state has funded buildings with a seismic risk level V or VI, as determined by the DGS, in both zones based on relative priority. Given program spending to date, the state has funded all risk level VI buildings.

In the past, the DGS has set priorities for retrofitting buildings using *code* occupancy (that is, the maximum number of people allowed by building regulations), rather than *actual* occupancy. Given the limited amount of remaining bond funds, we believe the past method for setting priorities should be refined. This would help ensure that those buildings posing the highest risk to life will be addressed. To accomplish this, DGS should establish a priority list based on the *actual* number of people who use the building *and* on the amount of time those individuals are in the building, rather than the code occupancy. The priority list should include *all* unfunded seismic risk level V buildings (see Figure 2, next page), including the 15 proposed in the budget and the 11 not included in the budget. This will give the Legislature the relative priority of all risk level V buildings with the greatest actual threat to life in both Zone 3 and Zone 4. The remaining bond funds could then be used for the highest priority projects for which design and construction can be completely funded under the bond program. The Legislature could also consider which of the remaining projects should be funded from the General Fund. Consequently, we withhold recommendation on the 15 projects in the budget pending receipt of the refined priority list.

Program Administration Fees Should Be Reduced

We recommend the Legislature reduce the amount of funding provided for program management by \$823,000 because the department has not substantiated a need for increased funding. (Delete Item 1760-301-0768 [1].)

The budget includes a total of \$1.6 million for management of the seismic retrofit program, which includes \$27.3 million of project funding. In contrast, the department received \$818,000 in the 2000-01 Bud-

get Act in order to administer \$43.3 million of funding for the program. The department has provided no information to substantiate the increase in funding. It is not clear why the cost to administer fewer projects would cost nearly twice as much in the budget year. Consequently, we recommend the Legislature delete \$823,000 under Item 1760-301-0768 (1).

Figure 2

State Building Seismic Retrofit Program Level V Buildings in Zones 3 and 4

(In Thousands)

Item 1760-301-0001	Project Description	Phase ^a	Budget Amount	Total Cost
Funded in Budget				
(18)	Lanterman State Hospital— Building B50	S; P	\$852	\$18,400
(19)	Patton State Hospital— Building 30 A-E	S; P	336	5,063
(20)	Patton State Hospital— Building 70 A-E	S; P	336	5,063
(21)	Patton State Hospital— Building N Residence Hall	P; W; C	7,665	16,520
(22)	California Medical Facility— Administration Building A	S; P	219	3,179
(23)	San Quentin State Prison— Building 43	S; P	324	4,872
(24)	Metropolitan State Hospital— Vocational Rehabilitation Building	P; W	389	2,560
(25)	California Correctional Institution— Dorms F5, F6, F7, F8	S; P	286	1,488
(26)	California Medical Facility— Housing Wing U	S; P	284	1,476
(27)	Sonoma Developmental Center— Multi Purpose Complex	P; W	165	578
(28)	Correctional Treatment Facility— South Dorm C, D, E	S; P	221	1,122
(29)	Metropolitan State Hospital— Ward 306	P; W	101	839
(30)	Metropolitan State Hospital— Volunteer Center	S; P	169	828
(31)	Atascadero State Hospital— East-West Corridor	S; P	74	295
(32)	Metropolitan State Hospital— Ward 313/315	S; P	113	515

Continued

Item 1760-301-0001	Project Description	Phase ^a	Budget Amount	Total Cost
Unfunded				
(—)	General Services—Office Building 9	—	—	\$9,000
(—)	General Services—Office Building 8	—	—	9,000
(—)	Military—Stockton Armory	—	—	1,884
(—)	California Conservation Center— Vocational Building F	—	—	1,791
(—)	General Services— Fresno State Office Building	—	—	2,000
(—)	Correctional Treatment Facility— Vocational Building VS 1	—	—	1,260
(—)	Sierra Conservation Center—Dining	—	—	720
(—)	General Services— Stockton Office Building	—	—	2,828
(—)	Sierra Conservation Center— Hospital/Education Building E	—	—	1,512
(—)	Sierra Conservation Center— Dining Rooms Building F	—	—	1,530
(—)	Sierra Conservation Center— Gymnasium/Canteen	—	—	954
Totals			\$11,534	\$95,277
^a S = study; P = preliminary plans; W= working drawings; and C = construction.				

Retrofit of Developmental Centers

We withhold recommendation on \$2.4 million to retrofit one building and recommend that, before authorizing funds to retrofit any buildings at the developmental centers, the Legislature determine whether the state-owned facilities will continue to be occupied and if a state-operated acute care hospital should continue to be operated.

The budget includes \$3.4 million from the General Fund for three projects at state-owned developmental centers. First, a request for \$2.4 million is included for working drawings and construction to retrofit the Porter Administration Building at the Sonoma Developmental Center. The Legislature appropriated funds for preliminary plans for this project in the 2000-01 Budget Act, and this project should proceed only if preliminary plans have been completed to validate the construction cost. Second, a total of \$852,000 is requested for a study and preliminary plans to retrofit the hospital building B50, an acute care hospital, at the Lanterman Developmental Center. Finally, the budget includes \$165,000 for preliminary plans and working drawings for the Multi-Purpose Complex at the Sonoma Developmental Center. The estimated future costs for these projects are \$17.5 million (hospital building B50) and \$413,000 (Multi-Purpose Complex).

In response to legislative action, the Department of Developmental Services (DDS) is currently considering restructuring its service delivery and potentially closing the developmental centers. The department has been directed to report to the Legislature on this issue by March 2001. (We discuss this further under the DDS capital outlay program, in this *Analysis*.) Prior to funding retrofit projects for the developmental centers, the Legislature should determine if the centers will remain in operation and if the buildings will continue to be occupied.

Also, as part of the developmental center restructuring, the Legislature should determine whether hospital building B50 at the Lanterman Developmental Center will continue to be operated. Continued operation of acute care hospitals at the centers is costly, especially as the client population is reduced. The high operational cost, coupled with the cost to seismically retrofit an acute care hospital, specifically warrant legislative review.

Given the uncertainty of whether the centers will remain open, we withhold recommendation pending resolution of the developmental center restructuring process.

OTHER ISSUES

Food and Agriculture Building Renovations

We recommend deletion of \$20.8 million for the Food and Agriculture Building Renovation, 1220 N Street in Sacramento and \$2 million for the Food and Agriculture Annex Renovation, 1215 O Street in Sacramento because of several unanswered questions. (Delete \$20.8 million from Item 1760-301-0001 [1] and \$2 million from Item 1760-301-0001 [4].)

The budget proposes (1) \$20.8 million from the General Fund for construction to renovate the 127,000 gross square feet (gsf), four-story (plus basement) Food and Agriculture Building at 1220 N Street in Sacramento and (2) \$2 million from the General Fund for preliminary plans and working drawings to renovate the 113,000 gsf four-story Food and Agriculture Annex at 1215 O Street in Sacramento (future construction cost of \$15.4 million). Approximately one third of the 1220 N Street building is currently vacant.

In November 2000, DGS notified the Chair of the Joint Legislative Budget Committee of its intent to vacate both buildings and relocate the Department of Food and Agriculture (DFA) to a leased office building at 2020 L Street for 7 to 12 years at a cost of \$3.2 million annually. The Chair did not agree with the proposal and advised the administration that the

proposed \$38 million renovation projects be considered through the budget process.

The proposed renovations raise a number of issues that need to be addressed by the administration before the Legislature appropriates funds for these projects. For example:

- ***Governor's Permanent Residence Site.*** The Legislature delayed funding to renovate the 1220 N Street building because of the potential to locate a Governor's permanent residence on the site. This issue needs to be resolved before spending \$45 million to renovate these buildings.
- ***Need to Relocate the Department.*** About 30 percent of the 1220 N Street building is vacant. The original plan for alterations of this building did not include relocating the department during alterations. It is not clear why the administration now proposes to relocate the department to lease space for a period of 7 to 12 years.
- ***Food and Agriculture Annex.*** This building is owned by the DFA and alterations of the building should be funded by the Agricultural Fund not the General Fund.
- ***Uncertain Renovation Work in Annex Building.*** The DGS has not prepared a definitive scope of work nor a cost estimate for renovating the annex. The DGS should detail the proposed scope of work and an associated cost estimate.
- ***Coordination of Proposed Renovations.*** The DGS has not described how these renovation projects will be undertaken and how the work in the adjoining buildings will be coordinated. The entire renovation plan for the two buildings should be available to ensure that the final renovations will result in efficient use of the buildings for the departments that ultimately occupy them.
- ***Future Use of Renovated Buildings.*** The DGS has not provided any information on the planned use of these buildings after the proposed renovations. Prior to spending tens of millions of dollars in renovations, the department should advise the Legislature of the planned occupants, how the renovations will accommodate these occupants and where these occupants are currently located, and if there are other costs associated with relocating them to these buildings.

In view of the number of issues the administration needs to address, we recommend the Legislature delete the proposed funding for these

projects. If these uncertainties are resolved, renovation proposals may warrant legislative consideration.

Capitol Area East End Project

We recommend deletion of \$22.2 million (General Fund) for buyout of the private-use portion of the project and recommend the buyout be funded in separate legislation that also reduces the total authorized cost of the project by \$22.2 million. (Delete \$22.2 million from Item 1760-301-0001 [2].)

Chapter 761, Statutes of 1997 (SB 1270, Johnston), authorized construction of the East End project at a cost not to exceed \$392 million, to be financed by the sale of lease-payment bonds. The department has since determined that the tax-exempt status of the lease-payment bonds may be jeopardized because the project parking garage may be used for private purposes after normal business hours and such use could result in the project exceeding the amount of private use of the facilities permitted by Internal Revenue Service regulations. To address this concern, the budget proposes to purchase the garage portion of the project with a General Fund appropriation of \$22.2 million.

Our concern with this proposal is that it does not provide a reduction in the amount of lease-payment bonds that could be issued to finance the project to correspond to the amount proposed to be paid from the General Fund. In order to be consistent with the requirement of Chapter 761 that the cost of the project cost not exceed \$392 million, we recommend legislation be enacted limiting the amount of lease-payment bonds that may be issued to finance the project to \$369.8 million. We recommend the budget proposal of \$22.2 million General Fund be deleted, and separate legislation be enacted appropriating \$22.2 million General Fund for the project and reducing the amount of lease-payment bonds that may be issued to \$369.8 million.

Also, Chapter 761 gives the administration the authority to augment the \$392 million by up to 10 percent. Since DGS has awarded the contracts for these buildings there should no longer be a need to increase the costs. Therefore, we recommend the Legislature eliminate the authority to administratively augment the East End project.

In addition, we recommend the Legislature consider funding the \$369.8 million balance from the General Fund rather than with lease-payment bonds.

Projects With Inadequate Cost Estimates

We recommend deletion of \$1.9 million for renovation of Office Building 8, 714 P Street in Sacramento and \$2.2 million for renovation of

Office Building 10, 721 Capitol Mall in Sacramento because the proposals are based on both inadequate project information and cost estimates. (Delete \$1.9 million from Item 1760-301-0001 [5] and delete \$2.2 million from Item 1760-301-0001 [6].)

The Governor's budget includes \$1.9 million from the General Fund for preliminary plans to renovate the state office building located at 714 P Street (Office Building 8) currently occupied by the Department of Health Services. The budget also includes \$2.2 million for preliminary plans and working drawings to renovate the state office building located at 721 Capitol Mall (Office Building 10) currently occupied by the Department of Education. The DGS estimates future costs to renovate these buildings at \$50.3 million and \$25.1 million, respectively.

The Departments of Health Services and Education are scheduled to vacate these buildings and occupy new buildings in the complex referred to as the "East End Project" that are under construction. Thus, these buildings may need to be renovated to some degree for new occupants. It is our understanding that DGS has completed an evaluation of Office Building 10 and is in the process of evaluating Office Building 8, but the actual renovation work to be undertaken and associated costs are not available. For example, DGS has not provided information on (1) the extent of or justification for planned renovations, (2) a cost estimate for the proposed renovations, or (3) the departments planned for future occupancy of these buildings and any costs that may be associated with relocating departments to these buildings. Because of the lack of information the amount proposed in the budget as well as the estimated future costs of renovation are based on "conceptual" estimates.

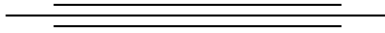
In view of the lack of this basic information on the proposed renovation projects, we recommend the Legislature delete a total of \$4.1 million requested for these projects.

Bonderson Building Preliminary Plans Not Complete

We recommend deletion of \$13.2 million for construction to renovate the Bonderson office building in Sacramento because preliminary plans are not complete and there is no basis for verifying if the project is within scope and budget. (Delete \$13.2 million from Item 1760-301-0001 [3].)

The budget proposes \$13.2 million from the General Fund for construction to renovate the 140,000 gsf, four-story Bonderson office building in Sacramento. Renovation includes reroofing, repairs, architectural improvements, fire and life safety, handicapped accessibility corrections, and tenant improvements. The 2000-01 Budget Act includes \$841,000 for preliminary plans and working drawings for the project. We recommend

the Legislature not appropriate funds for construction until preliminary plans are complete and it can be verified the project is within legislatively approved scope and budget. Preliminary plans have not been completed for this project and according to DGS's project schedule the plans will not be completed until June. Thus, the plans will not be available for the Legislature. In addition, the schedule shows that working drawings will not be completed until April 2002—four months behind DGS's schedule last year. In view of the lack of information for legislative review and the status of the project, we recommend the Legislature delete the \$13.2 million request for construction.



DEPARTMENT OF TRANSPORTATION (2660)

The Department of Transportation (Caltrans) occupies 458 facilities, including 404 maintenance stations, 11 traffic management centers, 10 material laboratories, 22 equipment shops, and 11 general offices. The budget proposes \$150.9 million from the State Highway Account of the State Transportation Fund for the following projects:

- Eureka Office Building: seismic retrofit, \$5.1 million.
- Sacramento headquarters office: seismic retrofit, \$8.9 million.
- Los Angeles office building: replacement, \$136.7 million.
- Statewide planning, \$102,000.

Preliminary Plans Not Complete

We withhold recommendation for seismic retrofit work for the Eureka office building (\$5.1 million) and the Sacramento headquarters office (\$8.9 million) because preliminary plans have not been completed. (Withhold recommendation on Items 2660-311-0042 [2] and [3].)

The department advises that preliminary plans for the Eureka office building project are not scheduled for completion until February 2001 and for the Sacramento headquarters office until March 2001. We recommend the Legislature not fund working drawings and/or construction for projects unless preliminary plans are complete and a cost estimate has been prepared to verify the project is within the scope and budget approved by the Legislature. Accordingly, we withhold recommendation on these projects pending completion of preliminary plans. If preliminary plans are completed in time to review prior to the conclusion of budget hearings, the projects may warrant legislative consideration.

Los Angeles Office Building: Replacement

We recommend deletion of \$136.7 million for the new District 7 headquarters building in Los Angeles because preliminary plans are not complete and there are uncertainties about the project that need to be resolved before proceeding further. (Delete \$136.7 million in Item 2660-311-0042 [4].)

The District 7 headquarters is currently located in a state-owned building at 120 South Spring Street in Los Angeles. Information previously submitted by Caltrans indicated there are space, functional, fire and life safety, and handicapped accessibility deficiencies in the building. In recognition of these problems the Legislature appropriated \$4.2 million in the 2000-01 Budget Act to develop preliminary plans for a 603,500 gross square feet replacement building on state-owned property adjacent to the existing building. The act also included language that *authorized*, but did not require, the building to be procured by the design-build delivery method.

The Governor's budget includes \$137 million for working drawings and construction for the Los Angeles project. The Department of General Services (DGS) is proceeding using the design-build process and reported in December that the preliminary plan phase of the project (which in the design-build process consists of preparing a "design-build solicitation package") was 15 percent complete.

The preliminary plans—or solicitation package—are not completed and the Legislature has no information to determine if the project is within the legislatively approved scope and budget. For instance, there are several uncertainties about the project which should be resolved before proceeding.

- The DGS indicates that a land exchange agreement is being developed with the City of Los Angeles that would exchange existing Caltrans facilities for land which the city is purchasing on 1st Street. The Legislature has no information about this proposed agreement.
- The DGS advises that the Los Angeles City transportation department has requested space in the new building. The Legislature has no information about the amount of space being proposed for the city department, under what terms and conditions it would be provided, and how a building that was proposed to the Legislature as being big enough only for Caltrans' needs can now accommodate this nonstate activity.
- The DGS advises that Caltrans plans to seek a budget augmentation for public art, but there is no information about the nature and estimated cost of the art, or an explanation of why the art

cannot be provided within the project budget approved by the Legislature.

We recommend the Legislature not approve further funding until these issues are resolved.

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 \$9.7 million from the Motor Vehicle Account of the State Transportation Fund for:

- Williams: replacement facility (\$3.2 million).
- Santa Fe Springs: replacement facility (\$2 million).
- San Diego: building alterations (\$174,000).
- Monterey: new facility (\$4.2 million).
- Property options, appraisals, studies, preplanning, and budget packages (\$100,000).

Williams: Replacement Facility

We recommend deletion of the \$3.2 million for working drawings and construction of a replacement facility because a site has not been acquired and preliminary plans have not been started. (Delete \$3.2 million from Item 2720-301-0044 [1]).

The budget includes \$3.2 million for working drawings and construction of a CHP area office in Williams, Colusa County. The proposed facility consists of a 9,469 gross square feet (gsf) office and a 918 gsf generator building on a 3.2 acre site with 47 parking spaces. The facilities are intended to accommodate 29 assigned personnel.

The 2000-01 Budget Act appropriated \$818,000 for acquisition and preliminary plans for a replacement for the CHP facility in Williams, which was damaged by fire and is located on a site that regularly experiences flooding. Because of the fire damage, the Williams office has been relocated to temporary buildings on nearby Caltrans property as an interim measure. The Department of General Services (DGS) reports a new site

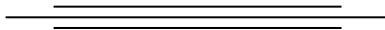
has not yet been acquired and preparation of preliminary plans has not started. We recommend the Legislature not approve funding for working drawings and/or construction for projects until preliminary plans are complete and a cost estimate has been prepared to determine if the project can be completed within the scope and budget previously approved by the Legislature. Furthermore, given the status of the project, it is not clear that additional work could be undertaken in the budget year. Accordingly, we recommend deletion of the \$3.2 million requested for working drawings and construction.

Monterey: New Facility

We withhold recommendation on \$4.2 million for construction because the site has not been acquired and there are uncertainties about the adequacy of the construction budget and the ability to acquire necessary access easements from the owners of property adjacent to the selected site. (Withhold recommendation on Item 2720-301-0044 [4]).

The Governor's budget includes \$4.2 million to construct a CHP area office in Monterey, Monterey County. The proposed facility consists of a 13,563 gsf office and generator building on a 2.87 acre site with 57 parking spaces.

The 1999-00 Budget Act appropriated \$1.5 million for acquisition and preliminary plans and the 2000-01 Budget Act included \$305,000 for working drawings for this facility. The DGS reports that preliminary plans are 95 percent complete even though the preferred site has not been acquired. In addition, the department has encountered difficulties in obtaining access easements across adjacent property in order for the preferred site to be useable. Consequently, we withhold recommendation on this item pending resolution of these uncertainties. If these issues are resolved before the conclusion of budget hearings, this proposal may warrant legislative consideration.



DEPARTMENT OF MOTOR VEHICLES (2740)

The Department of Motor Vehicles (DMV) occupies 170 general offices throughout the state (91 of which are DMV-owned and 79 leased) that provide public services such as issuance of driver's licenses and vehicle registrations. It also occupies 39 other facilities—such as commercial and occupational driver's licensing facilities, warehouses, a telephone service center, and headquarters office buildings. Five of these are owned by the department and 34 are leased.

The 2001-02 Governor's Budget proposes \$10.1 million for three major capital outlay projects, two to replace field offices in Stockton and San Ysidro; and one a continuation of asbestos abatement, seismic strengthening, and renovation of its headquarters building in Sacramento. Of this amount, \$600,000 is proposed from the State Highway Account of the State Transportation Fund (STF), \$5.5 million from the STF Motor Vehicle Account, and \$4 million from the Motor Vehicle License Fee Account of the Transportation Tax Fund. The budget also proposes that the Legislature authorize the department to enter into a lease-with-purchase option to relocate the south Sacramento field office.

South Sacramento Replacement Office

We recommend the south Sacramento replacement office be procured by state capital outlay, not by a lease-with-purchase option agreement with a private developer. (Delete Provision 1, Item 2740-001-0044.)

The DMV currently leases a 7,836 gross square feet (gsf) office in a shopping center in south Sacramento where it provides driver's license and vehicle registration services. The owner of the shopping center has notified the department that he will not renew DMV's lease when it expires in September 2003, although he has indicated a willingness to extend the lease and work with the department to accommodate its move to a new location. The budget proposes to acquire a 14,226 gsf building

with 120 parking spaces on 2.33 acres by entering into a lease-with-purchase option agreement with a developer.

Our concern with this proposal is not with the need for a new facility, but with the way the budget proposes to obtain that facility. The DMV relies on an analysis prepared by the Department of General Services (DGS) in concluding that it would be more cost effective to provide alternative space using a using a lease-with-purchase option agreement with a private developer rather than through the state constructing its own facility. The DGS analysis estimated the cost of using capital outlay construction to be \$5.7 million as compared to \$5 million if a lease-with-purchase option were used.

It is not clear to us, however, that DGS's analysis took into account all costs associated with a lease-with-purchase option. Specifically:

- The DGS assumes that expenses of \$469,000 for surveying, soils testing, project management, utility connections, and environmental documentation would be required if the building were constructed by state capital outlay, but not under a lease-with-purchase option. We do not agree with this assumption. These tasks must be completed to construct the needed space under either option. Thus these expenses must be included in both estimates.
- The DGS assumes the developer under a lease-with-purchase option will make no profit on the project. This is clearly unrealistic. Real estate developers are in business to make a profit and they can rightly be expected to include profit in their cost to the state. A profit margin of just 5 percent, for instance, would add about \$237,000 to the estimated cost of using a lease-with-purchase option.
- The DGS does not take into account construction and permanent financing at commercial interest rates as a cost under the lease-with-purchase option alternative. The DGS estimates construction would take 11 months and DMV would rent the building for 6 months before exercising its option to purchase it. Construction and permanent financing over this period would cost the developer over \$200,000 in interest, and a developer would include this cost in the price charged the state.

These costs that DGS did not include in its analysis could add over \$900,000 to the cost of procurement by lease-with-purchase option. This would make the lease-with-purchase option about \$200,000 more expensive than capital outlay. Rent paid before the purchase option is exercised would make the lease-with-purchase option even more expensive.

Also of concern is the lack of control the state would have over the quality of the building construction. If the state enters into a lease-with-purchase option agreement, it does so on the basis of a minimal definition of the building—usually floor plans, elevations, and outline specifications. It leaves to the developer many decisions about design, engineering, materials, and methods of construction. By comparison, if the building is procured by capital outlay, detailed working drawings and specifications are prepared by the state that fully define the configuration, features, materials, and quality of construction the state needs.

For these reasons, we believe procurement of this project by lease-with-purchase option would be more expensive and result in the state purchasing a building that may not meet long-term needs. Accordingly, we recommend denial of the requested authorization to procure the project by lease-with-purchase option. If the department submits a proposal for funding the initial phase for a capital outlay project, it would warrant legislative consideration. Since the department has funds for the proposed lease with purchase it would also be able to pay for a direct capital outlay project.

Stockton, Field Office Replacement

We recommend the Legislature delete \$5.1 million for working drawings and construction because a site for the new office has not been identified or acquired and preliminary plans have not been completed. (Delete \$5.1 million from Item 2740-301-0044 [3].)

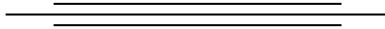
The DMV Stockton field office is located adjacent to the former Stockton state hospital site, which is now controlled by a joint powers authority of the City of Stockton and California State University (CSU). The CSU Stanislaus operates an off-campus center on the site and the joint powers authority has begun to plan for redevelopment of the remainder of the site. The 2000-01 Budget Act approved funds for acquisition and preliminary plans for a project that would demolish the existing DMV building, acquire additional land from the former state hospital site, and construct a new 16,484 gsf building. Because the joint powers authority has not completed its planning process, no decision has been made about its willingness to provide the additional land required for this project. Thus, land has not been acquired and work has not started on preliminary plans. The city has also expressed concern about how DMV service would be maintained while the existing office is being demolished and a new building constructed. Because of these problems, we recommend the Legislature deleted funding for working drawings and construction.

San Ysidro, Replacement Facility

We recommend deletion of \$4.7 million for working drawings and construction because a site has not been acquired and preliminary plans have not been started. (Delete \$4.7 million from Item 2740-301-0044 [4].)

The 2000-01 Budget Act approved \$2 million for acquisition and preliminary plans for a new 14,777 gsf office building to replace the existing 8,574 gsf leased San Ysidro office. The DGS reports that a site preferred by DMV may be contaminated and DGS is searching for, but has not found, a suitable alternative site. The DGS also reports preparation of preliminary plans has not started.

We recommend the Legislature deny funding for working drawings and construction for this project because (1) lacking preliminary plans and a cost estimate, the Legislature has no way of knowing if the project can be completed within the scope and budget it originally approved; and (2) given the status of the project, it is not clear that additional work could be accomplished in the budget year.



CALIFORNIA CONSERVATION CORPS (3340)

The budget includes \$12.1 million from the General Fund for the California Conservation Corps (CCC) capital outlay program. This amount includes:

- \$0.2 million for a Pacific Bays Residential Study.
- \$10.5 million for the Camarillo Satellite Relocation/Construction.
- \$0.6 million for the Delta Service District Center Relocation/Construction.
- \$0.5 million for the Napa Nursery Office/Classroom Building.
- \$0.3 for minor projects.

Pacific Bays Residential Study

Recommend deletion of \$150,000 for a study because the purpose of the study has not been defined. (Delete \$150,000 from Item 3340-301-0001[1]).

The corps' Pacific Bays residential center is located in leased space at the former Mare Island Naval Shipyard in Vallejo. The existing lease expired in June 1999 and the corp continues to occupy the facilities on a month-to-month basis. The Navy plans to transfer the facilities occupied by the corps to the Army Reserve sometime between 2003 and 2007. In anticipation of the need to relocate the center, the corps has had discussions with Santa Clara County about locating the center on county owned land known as the "Burnett site." The county board of supervisors has adopted a resolution endorsing the concept of a lease with the corps to establish a center on the Burnett site and has authorized the county director of parks and recreation to proceed with negotiations.

The corps has not provided the Legislature with information about the purpose of the proposed study and has not indicated why it is needed

in order to negotiate with Santa Clara County for the Burnett site. We therefore recommend the Legislature delete the \$150,000 for the proposed study. If negotiations with the county are successful, a proposal for approval of a lease and funding of preliminary plans may warrant legislative consideration.

Camarillo Satellite Relocation/Construction

We recommend deletion of \$10.5 million for working drawings and construction for the Camarillo Satellite Relocation/Construction because preliminary plans are not complete. (Delete \$10.5 million from Item 3340-301-0001[2]).

The corps has operated a residential satellite facility for 23 years in Camarillo on the site of what is now the California State University (CSU), Northridge, Ventura Off-Campus Center—CSU Channel Islands. The center is located at the former Camarillo State Hospital. The corps 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, however, has been notified by CSU that effective June 30, 2003, the corps must leave the Camarillo center. Because of this notification, the corps proposed to construct a new facility on a site adjacent to the California Youth Authority Ventura Youth Correctional Facility in Ventura County. The Legislature appropriated \$526,000 in the 2000-01 Budget Act to develop preliminary plans for this new facility.

The corps has indicated that the preliminary plans are scheduled for completion in June 2001. In view of this schedule, the preliminary plans will not be completed in time for legislative review during budget hearings. As a result, the Legislature does not have the information it needs to approve funding for working drawings and construction. In view of this situation, we recommend the Legislature delete the requested \$10.5 million. We urge the administration to expedite development of preliminary plans. If preliminary plans are available in time for legislative review during the budget process, a request for working drawings and construction would warrant legislative consideration.

Proposal for Delta Service District Center is Premature

We recommend deletion of \$588,000 for preliminary plans for the Delta Service District Center in Stockton because a study that was funded by the 2000-01 Budget Act has not been completed and there are unanswered questions about the future location of the center. (Delete \$588,000 from Item 3340-301-0001 [3]).

The corps operates the Delta Service District Center in facilities at the site of the former Stockton State Hospital which was operated by the Department of Developmental Services until the hospital's closure. The budget proposes \$588,000 to develop preliminary plans for a new Delta Service District Center consisting of a 2,964 gross square feet (gsf) administration building, 10,864 gsf warehouse, 9,000 gsf kitchen and dining facility, 16,300 gsf dormitory, and 10,454 gsf education and recreation building. Total estimated project cost is \$12.3 million.

There are several uncertainties about this project. The first is where it will be located. The *2000-01 Governor's Budget* proposed \$242,000 for preliminary plans for a new Delta Service District Center to be located on property owned by the East Bay Municipal Utility District at Lake Camanche in San Joaquin County. At that time, the corps indicated it was necessary to relocate the center from the Stockton site because the hospital property had been transferred from the Department of Developmental Services to CSU for development as an off-campus center of CSU Stanislaus. CSU, however, indicated the question of whether the corps facility could remain at the Stockton hospital site could not be answered until CSU completed its study of the site. Also, it was not clear what terms and conditions the utility district would require to allow the corps to locate the center on the district's property at Lake Camanche. In light of these uncertainties, the Legislature deleted the proposed funding and appropriated \$55,000 for a study to determine if it was necessary to relocate the center and, if so, to where.

When this *Analysis* was written, the corps had not yet *begun* the study. Also, in 2000, CSU entered into a joint powers authority with the City of Stockton to manage development of the hospital site. Under this arrangement CSU would continue to manage the portion of the hospital site it needs for the CSU Stanislaus off-campus center but the remainder, which includes the facilities currently occupied by the corps, would be managed by the joint powers authority. The authority has not yet indicated if the corps (1) must move out of the buildings it currently occupies, (2) could use other buildings on the site, or (3) could use vacant land at the site on which new buildings could be constructed.

Given the status of the corps' study and the uncertainty of the joint powers authority's plans, it would be premature to fund preliminary plans for a new center. Consequently, we recommend the Legislature delete the \$588,000 requested for preliminary plans.

DEPARTMENT OF FORESTRY AND FIRE PROTECTION (3540)

The budget proposes \$61 million for capital outlay for the Department of Forestry and Fire Protection (DFFP). This amount includes \$58 million for 40 major capital outlay projects and \$3 million for minor capital outlay projects (less than \$500,000 per project) to be funded from the General Fund.

Capital Outlay Program Continues to Be Behind Schedule and Over Budget

We recommend deletion of \$2.5 million for 13 projects and withhold recommendation on \$55.6 million for 27 projects because of concerns about the ability of the Departments of General Services and Forestry and Fire Protection to undertake the work in the budget year.

Most of the major capital outlay projects in the DFFP's budget were previously proposed in the 2000-01 Governor's Budget but were not approved because of questions about the accuracy of cost estimates and the ability of the Department of General Services (DGS) to complete this increased workload. In order to address these concerns, the *Supplemental Report of the 2000-01 Budget Act* directed DGS to submit an annual report on its project delivery performance. The first of these reports, received in December 2000, showed that of 304 projects managed by DGS in 1999-00, 187 (62 percent) were behind schedule 30 days or more. About 27 percent of these delays were beyond the control of DGS, such as program or building configuration changes required by the client agencies.

We believe this report illustrates the inherent complexity of the capital outlay process. Given DGS' current workload, we recommend the Legislature not approve capital outlay proposals that impose a new workload on DGS if it cannot be demonstrated that the work can be completed in the budget year.

The DFFP's capital outlay program has had chronic problems relating to inadequate planning, projects exceeding the approved budget, and delays in completing approved projects. As an example, 27 of the 40 projects in the budget were previously approved by the Legislature based on total project costs estimated by DFFP and DGS at \$37.8 million. The DGS now estimates these projects will cost \$55.4 million, an increase of 47 percent. Also, 46 DFFP projects are among the 187 DGS-managed projects that are 30 days or more behind schedule.

We are concerned that the number of projects proposed in the Governor's budget is more than DFFP and DGS can manage effectively. Accordingly, we withhold recommendation on the projects in Figure 1, pending DGS providing a workload staffing plan showing how it would manage these projects. These are continuing projects which, if DGS can provide information to show it can execute the work in a timely manner, would warrant legislative consideration.

Figure 1

Department of Forestry and Fire Protection Projects on Which Recommendation Withheld

(In Thousands)

Project	Budget Request		Total Project Cost		
	Phase ^a	Amount	Previously Approved	Current Estimate	Difference
Relocate Forest Fire Station (FFS)					
Bridgeville	W	\$101	\$1,589	\$1,994	\$405
Elk Camp	W; C	1,605	1,832	1,832	—
Harts Mill	C	1,323	1,207	1,611	404
Manton	W; C	1,447	1,266	1,638	372
Hesperia	W; C	1,653	1,409	2,146	737
Sonora	W; C	3,012	2,540	3,421	881
Sand Creek	W; C	1,424	1,306	1,702	396
Hammond	C	2,221	1,256	2,594	1,338
Replace FFS					
Stevens Creek	W; C	\$1,754	\$1,036	\$1,877	\$841
Pacheco	C	1,265	1,145	1,409	264
Nipomo	W; C	1,916	1,427	2,016	589
Rancheria	W; C	1,913	1,460	2,015	555
Blasingame	C	1,108	1,358	1,358	—
Dew Drop	C	1,546	1,798	1,798	—
Ahwahnee	W; C	1,787	1,035	1,837	802
Squaw Valley	C	1,780	2,041	2,041	—
Altaville	C	2,109	2,357	2,357	—

Continued

Project	Budget Request		Total Project Cost		Difference
	Phase ^a	Amount	Previously Approved	Current Estimate	
Other Facilities					
Santa Clara Ranger Unit Headquarters (RUH):					
Replace Automotive Shop	W; C	\$1,495	\$863	\$1,535	\$672
Aviation Management Unit	A	4,546	—	4,694	—
Lassen-Modoc RUH:					
Replace Apparatus Building and Automotive Shop	W; C	1,378	1,273	1,552	279
Independence FFS:					
New Facility	W; C	1,506	1,079	1,720	641
Ventura Youth Conservation Camp: Vehicle Apparatus Building, Shop, Warehouse	W; C	1,515	1,079	1,566	487
San Luis Obispo RUH	C	5,720	6,904	6,904	—
Hemet-Ryan Air Attack Base	C	3,347	3,677	3,677	—
Fenner Canyon Conservation Corps: Vehicle Apparatus Buildings, Replace Office	W; C	2,571	1,747	2,657	910
Owens Valley Conservation Camp: Construct Facility Upgrades	C	1,852	2,116	2,116	—
Baseline Conservation Camp: Remodel Facility	W; C	3,674	3,387	4,506	1,119
Totals		\$55,568	\$52,881	\$64,573	\$11,692 (22%)
^a A = acquisition; W = working drawings; C = construction.					

We recommend deletion of the projects shown in Figure 2 (see next page) because they would impose an additional workload on DFFP and DGS which cannot be accomplished in the budget year. These projects are all “new.” Although 11 of the 13 have previously received legislative approval, all are “starting over” with preliminary plans funding requests because of past inaccurate cost estimates or changes of scope. These projects may warrant legislative consideration in future years.

Figure 2**Department of Forestry and Fire Protection
Projects Recommended for Deletion***(In Thousands)*

Project	Phase ^a	Budget Request	Total Project Cost		
		Amount	Previously Approved	Current Estimate	Difference
Relocate Forest Fire Station (FFS)					
Sweetwater	P	\$76	\$1,162	\$1,693	\$531
Fortuna	P	89	1,262	2,203	941
Fort Jones	P; W	118	1,238	2,170	932
Weaverville	P; W	146	1,534	2,378	844
Valley Center	P; W	126	1,534	2,026	492
Cuyamaca	A	535	—	2,592	—
Batterson	P; W	70	1,117	2,013	896
Springville	P	79	1,211	1,987	776
Raymond	P	66	1,179	1,637	458
South Operations Area Headquarters	P	803	17,209	17,209	—
Replace FFS					
Ukiah	P; W	\$163	\$2,364	\$2,345	-\$19
Usona	P; W	120	1,438	1,587	149
Miscellaneous					
Buckhorn FFS: Replace Apparatus Building	P	\$70	\$1,413	\$1,413	—
Totals		\$2,461	\$32,661	\$41,253	\$6,000 (17 %)

^a A = acquisition; P = preliminary plans; W = working drawings.

DEPARTMENT OF PARKS AND RECREATION (3790)

The budget proposes \$63 million for capital outlay for the Department of Parks and Recreation. This amount includes \$11 million from the General Fund; \$43 million from the Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000; \$65,000 from the California Wildlife, Coast and Parkland Conservation Fund of 1988; \$4.7 million from the Off-Highway Vehicle (OHV) Trust Fund; \$2.5 million from the Habitat Conservation Fund; \$183,000 from the Environmental License Plate Fund; and \$1.5 million in federal funds.

The budget also proposes \$300 million in local assistance, which includes \$270 million from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000; \$15 million from the OHV Trust Fund; \$2 million from the Habitat Conservation Fund; \$4 million from the Recreational Trails Fund; and \$9 million from federal funds.

Projects Without Completed Preliminary Plans

We recommend deletion of \$17.6 million for eight projects because preliminary plans are not complete. (Delete \$2 million from Item 3790-301-0001 [2], delete \$601,000 from Item 3790-301-0001 [3], delete \$1.1 million from Item 3790-301-0005 [2], delete \$2.7 million from Item 3790-301-0005 [10], delete \$2.2 million from Item 3790-301-0005 [11], delete \$1.7 million from Item 3790-301-0005 [16], delete \$803,000 from Item 3790-301-0005 [20], and delete \$6.4 million from Item 3790-301-0005 [24]).

Preliminary plans for the eight projects shown in Figure 1 (next page) are not scheduled to be completed until June 2000 at the earliest. We do not recommend the Legislature approve funds for working drawings and construction of projects until preliminary plans are available. These plans permit the Legislature to verify that projects are within scope and budget.

If preliminary plans and an updated cost estimate can be provided during budget hearings, these projects may warrant legislative consideration.

Figure 1**Projects Without Completed Preliminary Plans***(Dollars in Thousands)*

Project	Proposed in Budget		Preliminary Plans Scheduled for Completion
	Phase ^a	Amount	
Donner-Memorial State Park: Restroom and Water System	W; C	\$1,961	June 2001
Sonoma Coast State Beach: Trail Rehabilitation and Development	W; C	601	June 2001
Patrick's Point State Park: Campground and Day Use Rehabilitation	W; C	1,127	June 2001
New Brighton State Beach: Rehabilitate Campground and Day Use	W; C; E	2,696	June 2001
Henry W. Coe State Park: Day Use Development at Dowdy Ranch	W; C; E	2,247	August 2001
Chino Hills State Park: Public Use Facilities	C	1,708	June 2001
Crystal Cove State Park: El Morro Mobilehome Park Conversion	W	803	February 2002
Border Field State Park: Sediment Basins and Road Realignment	C	6,449	July 2001

^a W = working drawings; C = construction; and E = equipment.

Most of Recent OHV Grants Have Gone to Federal Government

We recommend the department report at budget hearings on why such a large percentage of local assistance funds are being awarded to the federal government rather than local agencies.

Current law provides for the department to administer local assistance grants, as approved by the (OHV) Recreation Commission, "... to cities, counties, and appropriate districts . . ." for development and operation of facilities for the use of OHVs. The code further provides that any amounts appropriated for this purpose, but not allocated by the com-

mission to local public agencies, shall be available to the department for cooperative agreements with federal agencies.

The *1999-00 Budget Act* appropriated \$16.6 million for local assistance grants for OHV recreation facilities, \$15.8 million (95 percent) of which was allocated by the department, with the approval of the commission, to the federal government for facilities on federal land. Of this amount, \$8 million was for operations and maintenance and \$7.8 million was for capital outlay. A total of \$744,000 was granted to local agencies.

The *2000-01 Budget Act* similarly appropriated \$13.5 million for local assistance for OHV facilities. The department reports that the commission has approved grants of \$10.1 million to date from this appropriation, \$7.9 million of which (78 percent) has been approved for allocation to federal agencies (such as the Bureau of Land Management and the Forest Service). Almost all of the amount allocated to the federal government is for operation and maintenance expenses. The department has also recommended to the commission that the remaining unallocated monies (\$3.4 million) all go to grants to federal agencies.

We are concerned that the department and the commission are allocating such a high percentage of funds to the federal government, particularly for operation and maintenance. It is not clear to us that it was the intent of the Legislature that such a high percentage of these state funds be used to subsidize the federal government. We recommend the department report at budget hearings on why such a large percentage of local assistance funds are being awarded to the federal government rather than local agencies. If local agencies do not have sufficient need, we recommend the amount appropriated for this purpose be reduced.

Statewide Proposals Lack Necessary Information

We recommend deletion of \$19.3 million in bond funds for three statewide proposals for opportunity purchases, redwood acquisition, and habitat acquisition because there is no information about how the department is spending funds appropriated in the current year for the same programs, and there is no information about what properties would be acquired with funds proposed in the budget year. (Delete \$5 million from Item 3790-301-0005 [27], delete \$4.3 million from Item 3790-301-0005 [28], and delete \$10 million from Item 3790-301-0005 [29]).

The budget proposes a total of \$19.3 million from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Proposition 13) for property acquisition. This amount includes \$5 million for statewide opportunity purchases, \$4.3 million for statewide red-

wood acquisition, and \$10 million for habitat acquisition. We are concerned with these proposals for two reasons.

First, the Legislature has no information about how the department has spent or intends to spend \$20 million appropriated for the same programs—\$5 million for opportunity purchases, \$5 million for redwood acquisition, and \$10 million for habitat acquisition—by the *2000-01 Budget Act*. Without this information the Legislature does not know if the department's expenditure of funds from this earlier appropriation is in accordance with legislative intent and if there is a need for additional funds at this time.

Second, the Legislature has no information about how the department plans to spend the funds proposed for 2001-02. No information has been provided about which properties would be purchased other than the generic descriptions of redwood and habitat acquisition. When making funding decisions, we recommend the Legislature have information about the location of properties proposed for acquisition and an explanation of how those properties further the objectives of the program under which funding would be provided. Given the lack of this information, we recommend the Legislature delete the requested \$19.3 million.

No Preliminary Plans for Three Projects

We withhold recommendation on \$8.4 million for working drawings and/or construction for three projects because preliminary plans have not been prepared. (Delete \$1.1 million from Item 3790-301-0005 [6], delete \$850,000 from Item 3790-301-0005 [12], and delete \$6.4 million from Item 3790-301-0005 [24]).

The budget proposes \$1.1 million for working drawings and construction for Olompali State Historic Park, Rehabilitation of Frame House; \$850,000 for construction for Morro Bay State Park, Natural History Museum Exhibit Rehabilitation; and \$6.4 million for construction for Border Field State Park, Sediment Basins and Road Realignment.

It is not clear how preliminary plans and working drawings for these projects were financed because the projects have not been previously approved by the Legislature. Furthermore, the administration apparently has not reviewed these projects because it has proposed budget bill language (provisions 3 and 4 under Item 3790-301-0005) specifying that the State Public Works Board must approve the preliminary plans and working drawing before the requested funds can be spent. The Legislature also should have this information before approving working drawings or construction funds for these projects. We are particularly concerned about the proposal to provide \$6.4 million for construction of the Border

Field State Park project without any engineering studies or plans having been provided to verify the project's feasibility and provide a basis for the funding requested.

Accordingly, we withhold recommendation on these projects pending receipt of information that defines the scope of the projects and provides a basis for verifying the need and cost.

AIR RESOURCES BOARD (3900)

The budget proposes \$2.2 million for one major capital outlay project for the Air Resources Board.

Haagen-Smit Laboratory Breezeway Renovation

We recommend deletion of \$2.2 million for construction because preliminary plans are only 10 percent complete and working drawings have not been started. (Delete \$2.2 million from Item 3900-301-0115 [1]).

The Haagen-Smit Laboratory performs emission testing of motor vehicles. Federal regulations require these tests be conducted in a temperature and weather controlled environment, which is not possible with the existing laboratory configuration. This project would permit testing in accordance with federal regulations by enclosing the breezeway, relocating equipment, and constructing other improvements that will provide the necessary temperature and weather controlled test space. The 2000-01 Budget Act appropriated \$271,000 for preliminary plans and working drawings for the project.

The Department of General Services reports the preliminary plans for this project are only 10 percent complete and are not scheduled for completion until May 2001. Lacking these plans, the Legislature has no more information than it had last year when it appropriated funds for preliminary plans. When the plans are available, the Legislature will have the information it needs to determine that the project is within the legislatively approved scope and cost. Accordingly, we recommend the Legislature delete the \$2.2 million requested for construction of this project. We would urge the department to expedite the current time frame for completing the preliminary plans for legislative review during the budget process. If this occurs, this project may warrant legislative consideration.

DEPARTMENT OF HEALTH SERVICES (4260)

The Department of Health Services (DHS) owns and operates laboratory facilities in Berkeley, Los Angeles, and Fairfield. The budget includes \$2.2 million from the General Fund for working drawings of Phase III of the department's new laboratory facilities in Richmond. The estimated future cost to complete the project is \$47.5 million.

Funding Not Needed in Budget Year

We recommend the Legislature delete \$2.2 million for working drawings for the Richmond Laboratory Phase III project because preliminary plans have not been completed and the Legislature has no more project information than it had last year. (Delete \$2.2 million under Item 4260-301-0001 [1]).

The budget includes \$2.2 million for working drawings of the Richmond Laboratory Phase III. The 2000-01 Budget Act included \$1.8 million for preliminary plans for the project. This project will construct a 200,000 gross square feet, 4-story office building for 850 staff on 8.5 acres of land, including all utilities and parking for 600 vehicles. This project is part of a multiphase laboratory and office building development for the department.

According to the Department of General Services, preparation of the Environmental Impact Report has not been completed, and preliminary plans for the project are less than 10 percent complete. As a result, the Legislature has no more information now regarding the cost or scope of work for the project than it had last year. Preliminary plans should be completed to validate the project cost and scope before the Legislature authorizes additional funds. Consequently, we recommend the Legislature delete the \$2.2 million requested under Item 4260-301-0001 (1).

DEPARTMENT OF DEVELOPMENTAL SERVICES (4300)

The Department of Developmental Services (DDS) operates five developmental centers (Agnews, Fairview, Lanterman, Porterville, and Sonoma) and two leased facilities (Canyon Springs and Sierra Vista). As of December 31, 2000, the system housed almost 3,800 clients. The budget includes \$5.4 million for one project at the Agnews Developmental Center.

Developmental Center Restructuring

We recommend the department report to the Legislature prior to budget hearings regarding (1) any recommendations for restructuring the state developmental centers, (2) the effect these recommendations will have on the existing capital program and assets, (3) the future capital needs resulting from any changes in service delivery, (4) the effect of the recommendations on the developmental centers' operating costs, and (5) a proposed time line for implementing any changes.

In response to requirements in Chapter 93, Statutes of 2000 (AB 2877, Thomson), the department has formed a working group to study options for restructuring its service delivery method. The department was directed to consider options to meet its current and future client needs through various delivery methods including: (1) the currently operated centers, (2) smaller state-owned and operated facilities, and (3) privately owned and operated facilities. The department's findings and recommendations are due to the Legislature in March 2001.

In its November 17, 2000 progress report, the department's advisory group adopted five principles to help focus the study. Two of the principles are:

- No capital outlay to rebuild the existing centers.
- A service delivery model based on single four-client homes.

Given the pending report and potential impacts on the capital program and developmental center operations, we recommend the department report to the Legislature prior to budget hearings regarding (1) the recommendations for restructuring the department, (2) the effect these recommendations will have on the existing capital program and assets, (3) the future capital needs resulting from any changes in service delivery, (4) the effect of these recommendations on the developmental centers' operating costs, and (5) a proposed time line for implementing any changes.

Project Cost Increase Unjustified

We recommend the Legislature delete \$5.4 million for working drawings and construction for the Agnews Building 54 Fire and Life Safety Upgrade project because (1) construction funds have already been provided and (2) the department has not justified a twofold increase in construction costs. (Delete Item 4300-301-0001 [1]).

The Governor's budget includes a request for \$5.4 million from the General Fund for working drawings (\$206,000) and construction (\$5.2 million) for Fire and Life Safety modifications to Building 54 at the Agnews Developmental Center. The 1998-99 Budget Act appropriated a total of \$107,000 for preliminary plans (\$19,000) and working drawings (\$88,000) to correct code deficiencies cited by the State Fire Marshall. The scope of work for the project included installation of fire dampers and addition of access panels at corridor doors adjacent to sleeping areas. At the time, construction was projected to cost \$902,000 and was scheduled to be completed by December 2000. The administration, however, did not proceed with the project in that fiscal year. The project was presented to the Legislature again in 1999-00, but at a cost that had increased by over 140 percent. The Legislature approved the higher cost, and the 1999-00 Budget Act included \$2.5 million for preliminary plans (\$117,000), working drawings (\$143,000), and construction (\$2.2 million). At that time, the project was scheduled to be completed by February 2002.

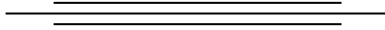
The 1999-00 funding was reappropriated in the 2000-01 Budget Act. At that time, the department did not indicate that either the scope of work or the project budget was inadequate.

Escalating Construction Cost. The cost of construction for this project has continued to increase and has now reached 118 percent of the 1999-00 estimated cost (430 percent of the original estimate). The department has provided no justification for the increased construction costs other than to indicate it is due to construction phasing and an increased scope of work. No information is available regarding an attempt to bring the project cost in line with the most recent appropriation. Furthermore, the scope of work contained in the completed preliminary plans, which the request is

based on, is inconsistent with that previously approved by the Legislature. It is not clear why the previous scope of work was inadequate.

Moreover, as mentioned above, the department is reevaluating the delivery of services to its clients. This reevaluation may significantly change the function and occupancy of developmental centers. In view of this, the department should assess whether or not this building should be altered. If the building is to be occupied in the long term, then we urge the department to expedite the project and proceed within the cost and scope of work previously approved by the Legislature.

In view of the above, additional funds for this project should not be needed. Consequently, we recommend the Legislature delete Item 4300-301-0001 (1), for a savings of \$5.4 million.



DEPARTMENT OF MENTAL HEALTH (4440)

The Department of Mental Health (DMH) operates four state hospitals—Atascadero, Metropolitan, Napa, and Patton. As of December 2000, the system housed over 4,000 patients. Of that amount, around 400 were classified as sexually violent predators (SVP). The budget includes \$3.2 million from the General Fund and \$349.3 million in lease payment bonds for the department's 2001-02 capital outlay program. The estimated future cost to complete the proposed projects is \$32.8 million. The budget includes the following proposals:

Previously Funded

- \$349.3 million in lease payment bonds to fund construction of a new SVP facility.
- \$686,000 for preliminary plans and working drawings to remodel Buildings 206/208 at Metropolitan State Hospital.
- \$642,000 for preliminary plans to remodel Building 194, S Units at Napa State Hospital.

New Proposals

- \$628,000 to install a personal alarm system in Buildings G, O, P, and T at Patton State Hospital
- \$480,000 for preliminary plans to construct a new multipurpose building at Atascadero State Hospital.
- \$95,000 for preliminary plans and working drawings to renovate the EB Building Admissions Suite at Patton State Hospital.
- \$676,000 for minor capital outlay projects (costs of less than \$400,000 per project).

Of the six major capital outlay projects in the budget, three were previously funded for study, preliminary plans, and/or working drawings.

The budget proposes to fund the working drawings and/or construction phases for these three projects. The three other major projects are proposed for initial funding.

We recommend approval of \$480,000 for a new multipurpose building at Atascadero State Hospital, and \$423,000 of the minor capital outlay request. The balance of the program, and our recommendations, are discussed below.

New SVP Facility

We withhold recommendation on the \$349.3 million requested for construction of the new sexually violent predator (SVP) facility because (1) the cost has increased \$66 million (23 percent) and information has not been provided to substantiate this increase and (2) based on the projected SVP population, a 1,500-bed facility is not needed. We further recommend that, if construction funds are provided, the Legislature appropriate the necessary amount from the General Fund rather than lease payment bonds.

The Governor's budget includes \$349.3 million in lease payment bonds to construct a new SVP facility for the department. A total of \$16 million was approved in the 1999-00 Budget Act for preliminary plans and working drawings to construct a new 1,500 bed secure mental health treatment facility to house SVPs. At that time, the Legislature recognized a future cost of \$283 million (adjusted for inflation) to construct the facility. The 1,148,851 gross square feet (gsf) facility includes 850,722 gsf of clinical services program space, 157,041 gsf of support services space, 74,370 gsf of administration space, 31,115 gsf for plant operations, and a secure perimeter fence with guard towers. Other infrastructure improvements include roadways, drainage systems, site grading, an electrical substation, and a wastewater treatment plant. Preliminary plans were completed and approved by the Public Works Board in December 2000.

Site Selection. The department's site selection process was limited to sites where the local government adopted a resolution in support of construction of the facility within their community. As a result, two potential sites were considered—Pleasant Valley State Prison in Coalinga, Fresno County, and Centinela State Prison in Imperial County. A total of \$6 million was provided in the 2000-01 Budget Act for community mitigation for education facilities and local government infrastructure. In August 2000, the department notified the Legislature that the Coalinga site had been selected for the facility.

Insufficient Justification for Increased Cost. As discussed above, at the time design funds were appropriated, the Legislature recognized a future cost of \$283 million to construct the project. However, at the time preliminary plans were approved by the Public Works Board, the esti-

mated construction cost had increased to \$349.3 million. This is over \$66 million (23 percent) more than the Legislature previously recognized. Under existing law, the board can approve preliminary plans that exceed the legislatively approved amount by up to 20 percent if the Legislature is notified pursuant to the Government Code. Projects exceeding the 20 percent level must be resubmitted to the Legislature. In this case, the Legislature was not provided the augmentation notification *and* the cost exceeds the administration's authority. Furthermore, the department has not provided justification demonstrating why the original project budget is inadequate. Consequently, we withhold recommendation on funding for the project pending receipt of information (1) substantiating the need to augment the project and (2) demonstrating the steps taken in an attempt to complete the project within the approved costs.

1,500 Beds Not Justified by SVP Population Growth. In 1998 when the department was seeking authorization and initial funding for the new SVP facility, DMH was projecting significant growth in the SVP population. At that time, the population was expected to total 536 by June 2000, with projected ongoing growth of 132 patients per year. As such, the total population was expected to reach 1,328 by June 2006—the date when the new 1,500 bed facility was to be fully operational.

As of mid-January 2001, however, DMH reported that its facilities were actually holding only 369 SVPs (with all but one held at Atascadero State Hospital). The most recent official DMH projections are that growth in the SVP population will occur at about 46 patients per year. At this rate, the total population as of June 2006 would be 590, or less than half the DMH's original projection. The DMH has indicated that recent population trends may cause the department to revise its SVP projection to reflect a somewhat higher growth rate, but not nearly enough to offset the downward revisions of its population projections that have occurred since 1998.

Given this situation, it is not clear why the state should build the facility at the original 1,500-bed capacity—over 150 percent above the current projected population for 2006. For example, if the facility was reduced to a 750-bed capacity, there would still be 160 beds in excess of the projected population.

If Funded—Use General Fund. The administration has proposed using lease payment bonds to fund construction of the facility. As there is no revenue associated with this facility to pay off the bonds, debt payments are dependent on annual General Fund appropriations. We estimate that, over the life of the bonds, lease payment bonds cost the General Fund approximately \$2.20 for every \$1 borrowed—\$1 for the \$1 borrowed and \$1.20 in interest (adjusting for inflation, the interest amount is about 60 cents). If the project were funded instead from the General Fund, that interest cost would be avoided. Consequently, we recommend that if

the Legislature decides to fund this project, it do so with a direct General Fund appropriation.

Admissions Suite Renovation

We recommend the Legislature approve \$36,000 to fund only preliminary plans for the Patton Hospital Admissions Suite renovation because of the lack of information to warrant funding the working drawing phase. (Delete \$59,000 under Item 4440-301-0001 [5].)

The budget includes a request for \$95,000 for preliminary plans (\$40,000) and working drawings (\$55,000) to renovate the existing admissions suite at Patton State Hospital. The project will renovate the existing 2,939 square foot admissions suite, including expansion into 529 square feet of adjacent hospital support space and installation of a new mechanical system. The estimated future cost to construct the project is \$527,000. This cost, however, is based on an estimate prepared by the institution in 1997 for which no detailed cost information is available. Consequently, there is insufficient information to determine if the renovation can be completed within the estimated amount.

Based on the department's schedule, preliminary plans should be completed in March 2002. At that time, the renovations to be undertaken and an accurate cost estimate will be available. This will give the Legislature sufficient information to appropriate working drawings and construction in 2002-03. Therefore, we recommend deleting the \$55,000 requested for working drawings because they are not needed in the budget year. In addition, the preliminary plan request includes \$4,000 for an environmental impact report, which should not be necessary because the project simply renovates existing space. These funds should also be deleted, for a total reduction of \$59,000.

Fragmented Proposal for Personal Alarm Systems

We withhold recommendation on \$901,000 for three capital outlay proposals to install personal security alarm systems at various institutions because it is not clear how the requests are related or will be implemented. The department should report to the Legislature prior to budget hearings with a complete security plan which identifies the coordination between projects and how each will be implemented. (Withhold recommendation on \$628,000 under Item 4440-301-0001 [4] and \$273,000 under Item 4440-301-0001 [6].)

The budget includes three requests for capital outlay under Item 4440-301-0001 totaling \$901,000 to install security alarm systems at various institutions (see Figure 1).

Figure 1

Department of Mental Health Withhold Recommendation Pending Further Information

(In Thousands)

Item	Project Description	Phase ^a	Budget Amount
4440-301-0001			
(4)	Patton State Hospital: Install personal duress alarm system	P; W; C	\$628
(6)	Metropolitan State Hospital: Install personal alarms in unit patios	P; W; C	124
(6)	Atascadero State Hospital: Provide security system for courtyards	P; W; C	149
	Total		\$901

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

The proposals include design and construction to install a dual tone personal alarm system (1) in all areas of Buildings G, I, O, and P at Patton State Hospital; (2) on the living unit patios of the Chronic Treatment East, Chronic Treatment West, and Receiving and Treatment buildings at Metropolitan State Hospital; and (3) in the interior courtyards of Atascadero State Hospital.

In addition, under the department's support budget (Item 4440-001-0001) the administration has proposed \$7.6 million to install and upgrade the personal alarm systems at the same hospitals—Atascadero, Metropolitan, and Patton State Hospitals. Thus, the budget includes a total of over \$8.5 million to change the personal alarm systems at three hospitals.

Clearly, it is important to have appropriate security systems at these facilities. Unfortunately, the department has not provided information demonstrating how these separate requests address a security issue. For example, the department has not identified how the separate proposals will be coordinated, or to what extent the proposals address the department's overall security needs. In order for the systems to work properly within each institution, the projects need to be properly planned and coordinated to ensure the resulting security system addresses the institutions' needs. To accomplish this, the work should be planned, designed, and installed as a single project at each institution.

The fragmented proposals in the budget do not give the Legislature the information it needs to assess the separate requests. Consequently, prior to budget hearings the department should provide clarifying infor-

mation to the Legislature. This information should include at least the following for each institution:

- The current personal alarm system throughout the institution.
- The current personal alarm security plan for the entire institution.
- The scope of work for each project.
- How the projects are related and how the projects address the institutions personal alarm security needs.
- How the projects will be coordinated through planning, design, and construction.

Pending receipt and review of this information, we withhold recommendation on the \$901,000 requested under Item 4440-301-0001. (In our analysis of the department’s support budget, in the “Health and Social Services” chapter of this *Analysis*, we have withheld recommendation on the remaining \$7.6 million).

Funded Studies Not Completed

We withhold recommendation on \$1.3 million for preliminary plans and working drawings for two renovation projects at Metropolitan and Napa State Hospitals pending receipt of two studies assessing the need for these projects. (Withhold recommendation of \$1.3 million under Item 4440-301-0001 [2] and [3]).

The Governor’s budget includes a total of \$1.3 million for preliminary plans and working drawings for two renovation projects, at Metropolitan and Napa State Hospitals as shown in Figure 2.

Figure 2

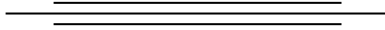
**Department of Mental Health
Projects Recommended for Deletion**

(In Thousands)

Item 4440-301-0001	Project Description	Phase ^a	Budget Amount	Future Cost
(2)	Metropolitan State Hospital: Remodel Building 206/208	P; W	\$686	\$4,884
(3)	Napa State Hospital: Remodel Building 194, S Units	P	642	13,765
Totals			\$1,328	\$18,649

^a P =preliminary plans and W = working drawings.

A total of \$229,000 was provided in the 2000-01 Budget Act to study the needs and scope of work for the Building 206/208 renovation (\$79,000) and the Building 194 renovation (\$150,000). The studies were originally scheduled to be completed in December 2000 and March 2001, respectively. Neither study was complete at the time this analysis was prepared. Consequently, we withhold recommendation on the \$1.3 million requested for these projects pending receipt and review of the completed studies.



CALIFORNIA DEPARTMENT OF CORRECTIONS (5240)

The California Department of Corrections (CDC) operates 33 prisons and 38 fire and conservation camps throughout the state. A prison is currently under design which will be built adjacent to the existing North Kern State Prison in Delano, and is scheduled to open in August 2002. The prison system also includes 16 community correctional facilities operated by private firms, cities, or counties under contract with CDC. As of mid-January 2001, the system housed 160,433 inmates with classifications ranging from Level I (low-risk offenders) to Level IV (high-risk offenders).

The budget includes requests totaling \$92.7 million from the General Fund for 34 capital projects at existing state institutions (31 major projects and three proposals involving studies and minor capital outlay). The estimated future cost to complete these projects is \$83.6 million. The budget includes the following proposals:

- \$38.8 million for nine projects to renovate or replace existing infrastructure systems.
- \$29.1 million for ten projects to renovate or replace buildings.
- \$7.6 million for three projects to construct lethal electrified fences at various institutions.
- \$5.8 million for one previously approved project to shift the fund source from lease payment bonds to the General Fund.
- \$2.3 million for four projects related to fire/life safety and security issues.
- \$1.3 million for planning and studies.
- \$7.8 million for minor capital outlay projects (costs of less than \$400,000 per project).

Of the projects in the budget, 12 major projects were previously funded for preliminary plans and/or working drawings. The budget includes

funds for the working drawings and/or construction phases for these projects. The 19 other major projects are proposed for initial funding. We recommend the Legislature approve \$40.2 million for advanced planning, various minor projects, and five major capital outlay projects as budgeted. The following is a discussion of the remaining projects and our recommendation for each.

Projects Recommended for Approval Contingent on Completion of Preliminary Plans

We recommend the Legislature approve \$34.6 million of funding requests for working drawings and/or construction of six projects contingent on receipt and review of completed preliminary plans and associated cost estimates consistent with prior Legislative approval.

The Governor's budget includes \$34.6 million for working drawings and/or construction of six projects for which the Legislature approved preliminary plans and/or working drawing funds in prior years. The projects and funding requested are detailed in Figure 1 (see next page). The amounts included in the budget are consistent with the inflation-adjusted future costs associated with the prior appropriations and, pending timely completion of preliminary plans, should proceed. Therefore, we recommend the Legislature approve the requested amounts contingent on receipt and review of completed preliminary plans and associated cost estimates that are consistent with the cost and scope previously approved by the Legislature.

Proposal to Replace Air Conditioning System in New Prison

We recommend the Legislature delete \$1.1 million to develop preliminary plans for a new air conditioning system at Chuckawalla Valley State Prison because (1) the existing system adequately maintains the required temperature in the institution, (2) the proposed solution will require more energy to operate, (3) in-kind replacement of the existing units would be less costly, and (4) the department already has funds available for this type of special repair project. (Delete \$1.1 million under Item 5240-301-0001 [30].)

The budget includes a request for \$1.1 million for preliminary plans to install a new air conditioning system at Chuckawalla Valley State Prison. The prison was opened in 1988 and currently houses 3,600 Level I and Level II inmates. The proposed project will replace the air conditioning system at the institution. The estimated future cost of the project is \$22.9 million for working drawings (\$1.1 million) and construction (\$21.8 million). Chuckawalla is located adjacent to Ironwood State Prison, which opened in 1994, near the town of Blythe on the Arizona border. According to the department, a similar funding request will likely be re-

requested for inclusion in the 2002-03 Governor's Budget to replace the entire air conditioning system at Ironwood.

Figure 1

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

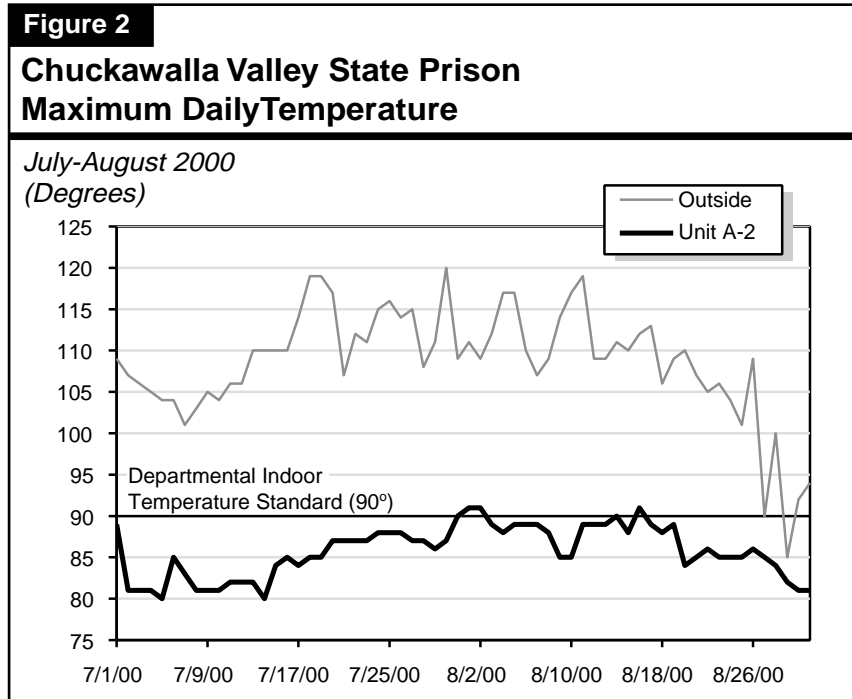
(In Thousands)

Item 5240-301-0001	Project Description	Phase ^a	Budget Amount	Scheduled Completion of Preliminary Plans
(8)	Folsom State Prison—Construct Pretreatment System	C	\$955	April 2001
(10)	California Institution for Men—Drill New Domestic Water Supply Well	C	681	April 2001
(12)	California Medical Facility—Unit V Modular Housing Replacement	C	5,712	April 2001
(19)	San Quentin State Prison—Correctional Treatment Center, Phase II	C	17,455	March 2001
(26)	Sierra Conservation Center—Effluent Disposal Pipeline	W; C	8,660	January 2001
(32)	California State Prison, Sacramento—Reconstruct Firing Range	C	1,118	March 2001
Total			\$ 34,581	

^a W = working drawings; and C = construction.

Existing Air Conditioning System. The existing air conditioning system consists of evaporative cooling units, designed to maintain the department's standard for indoor temperature of 90 degrees in inmate housing units. The department has provided temperature data for outside conditions and inside conditions for three representative housing units. As shown in Figure 2, the outside temperature averaged around 110 degrees during July and August last year. The temperatures inside the prison varied by a maximum of about 5 degrees. Figure 2 shows the maximum temperature conditions for Unit A-2, which averaged around 85 degrees during July and August of last year, and exceeded 90 degrees (by about 2 degrees) during 5 separate days (8 percent of the days for which information is available)

for a total time of around 30 hours. According to the institution, this occurred mostly when power conservation measures were in effect. Thus, according to available data, the existing units adequately maintain the temperature inside the housing units within the department's standard.



Energy Demands. The proposed project will install new cooling towers, chilled water distribution systems, and natural gas-fired engines, which will require additional energy resources and will be more costly to operate than the current system. This will result in a significant increase in the use of natural gas and electricity. Given the current natural gas and electrical energy situation in the state, the department needs to reduce rather than increase energy usage.

Replacement of Existing Units. The department also investigated the cost to simply replace the existing units with the same type of unit. (The existing units are approaching the end of their useful life.) The total estimated cost for replacement is \$6 million—25 percent of the cost of the budget proposal.

Repair Funding Available. The department annually receives \$10 million for special repair projects at the various institutions, which are avail-

able specifically for repair and replacement of existing infrastructure and equipment. This funding is provided to the department so that equipment can be replaced on an ongoing priority basis over several years. If replacing the equipment is a priority, the department should proceed using existing funds.

For all these reasons, we recommend the Legislature delete a total of \$1.1 million under Item 5240-301-0001 (30).

Increased Construction Costs for Lethal Electrified Fences

We recommend the Legislature delete a total of \$275,000 from two projects to construct lethal electric fences at two prisons because the increased costs are unjustified. (Delete \$191,000 from Item 5240-301-0001 [16] and \$84,000 from Item 5240-301-0001 [27].)

The budget proposes \$6.9 million from the General Fund for construction of electric fences at two prisons: the Sierra Conservation Center (SCC) (\$3.1 million) and the California Men's Colony (CMC) (\$3.8 million). The 2000-01 Budget Act included a total of \$387,000 for preliminary plans and working drawings for the two projects. At the time those funds were appropriated, the Legislature recognized inflation-adjusted future costs to construct the two projects of \$3 million for the SCC fence and \$3.6 million for the CMC fence. The budget requests represent a \$275,000 (4 percent) increase in construction cost.

On October 31, 2000, the department notified the Joint Legislative Budget Committee that preliminary plans had been completed for the two projects. In response, the chair of the committee directed the department to proceed with the project at the cost and scope previously approved by the Legislature. The department has not provided any additional information to justify the cost increase. Under these circumstances, we recommend the Legislature deny the cost increase and reduce the two funding amounts requested by a total of \$275,000. Finally, the Legislature should recognize annual cost savings resulting from the projects of \$725,000 and 14 positions for SCC and \$564,000 and 11 positions for CMC. This is because perimeter observation posts for each institution will not need to be staffed when the lethal fences are operational.

Delete Funding for Small Management Yards

We recommend the Legislature delete \$750,000 for design and construction of small management yards at two institutions because the Legislature already provided funding to address the institutions' needs. (Delete \$750,000 under Item 5240-301-0001 [2].)

The budget includes a request for \$750,000 from the General Fund for preliminary plans, working drawings, and construction to build 50 small management yards at two institutions: the California Medical Facility, Vacaville and Mule Creek State Prison, Ione. Small management yards are 10-foot by 15-foot outdoor cells made of chain link fence to provide an outdoor exercise area for one inmate at a time. The department proposes to install these for use with inmates housed in administrative segregation units (ASUs).

Last year, the department requested a total of \$6.5 million to construct 430 small management yards at 19 institutions that house Level I through Level IV inmates in ASUs. The Legislature agreed to fund only those yards for Level IV inmates in ASUs. Thus, the *2000-01 Budget Act* included a total of \$1.4 million to construct 92 yards at six prisons, including Mule Creek and Vacaville. Last September, the department notified the Legislature that the yards at Mule Creek and Vacaville were not a priority and requested a scope change to construct all 92 yards at only four of the approved institutions. After redirecting the funds, the department has now requested additional funds to replace the yards which were originally approved. No information is available indicating why the department's priorities have changed, or why the funds approved last year cannot be used for this project if yards are now needed. Consequently, we recommend the Legislature delete \$750,000 under Item 5240-301-0001 (2).

Delete Funding for Various Projects at Institutions Statewide

We recommend the Legislature delete \$6 million from the General Fund requested for ten projects at eight institutions because either (1) the project has not been justified, (2) funds are not needed in the budget year, or (3) the Legislature previously denied the project. (Delete \$6 million under Items 5240-301-0001 [5], [6], [14], [15], [18], [20], [21], [25], [28], and [34].)

The Governor's budget includes \$6 million for various phases of ten projects as shown in Figure 3 (see next page). Four of the six projects were proposed in the *2000-01 Governor's Budget* and the Legislature denied the funding requests. The projects and our concerns with each are discussed below.

California Correctional Institution, Tehachapi—Replace Unit 1 Security Fence. The budget includes \$164,000 for preliminary plans and working drawings to replace the perimeter fence surrounding a minimum security housing facility. The estimated future cost for construction is \$1.1 million. The existing perimeter fence is ten-feet tall with razor ribbon along sections of the top of the fence. The proposal would install a second 12-foot tall fence with razor ribbon along the top of the fence. The department reports that this will increase perimeter security from a Level

I to a Level II. However, the inmates housed at this institution are Level I and only two escapes have occurred over the fence in nearly 22 years. Thus, it is not clear why an additional perimeter fence is necessary. Consequently, we recommend the Legislature delete \$164,000 under Item 5240-301-0001 (5).

Figure 3

Department of Corrections Projects Recommended for Deletion

(In Thousands)

Item 5240-301-0001	Project Description	Phase ^a	Budget Amount
(5)	California Correctional Institution— Replace Unit 1 Security Fence	P; W	\$164
(6)	Deuel Vocational Institution— Renovate Y and Z Dorms	W; C	3,222
(14)	California Mens Colony—Fire Alarm System Upgrade	S	316
(15)	California Mens Colony—Potable Water Treatment Facility Upgrade	S	207
(18)	R.J. Donovan Correctional Facility— Replace Substance Abuse Modulars	P; W	290
(20)	California Institution for Women— Security Perimeter	P; W	786
(21)	California Institution for Women— Infrastructure Study	S	224
(25)	California Rehabilitation Center— Patton State Hospital Double Perimeter Fence	W	567
(28)	Avenal State Prison—Receiving and Release Expansion	P; W	100
(34)	California State Prison, Solano— Construction of Wastewater Plant	S	163
Total			\$ 6,039

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

Deuel Vocational Institution, Tracy—Renovate Y and Z Dorms. The budget includes \$3.2 million from the General Fund for working drawings and construction to renovate the Y and Z dorms at Deuel Vocational Institution, located in Tracy. The 2000-01 Budget Act included \$153,000 for preliminary plans for the project to address code deficiencies and provide modifications to the existing elevated catwalk. At that time, the plans

were scheduled to be completed by April 2001. When this *Analysis* was prepared, the plans were only 19 percent complete and were not scheduled to be finished until July 2001. The project design is three months behind schedule, and the Legislature has no more information regarding the project cost and scope of work than it had last year. Consequently, we recommend the Legislature delete \$3.2 million under Item 5240-301-0001 (6).

R. J. Donovan Correctional Facility, San Diego—Replace Substance Abuse Modularity. The budget includes \$290,000 for preliminary plans and working drawings to replace the existing 2,760 square feet (sf) of modular buildings used for drug treatment programs. The proposal would construct a 6,962 sf building with office and program space. The estimated future cost for construction is \$2.1 million. The department reports that a larger facility is necessary in order to provide substance abuse programs to an increasing number of drug offenders. However, in March 2000 the voters approved Proposition 36, which will divert specified drug offenders from the prison system to drug treatment programs. This should reduce the need for these programs inside the prisons. Until the department has a better understanding of how Proposition 36 will affect the need for program space inside the prisons, the state should not construct new space for these purposes. In the meantime, the department can continue using the existing modular buildings. Consequently, we recommend the Legislature delete \$290,000 under Item 5240-301-0001 (18).

California Institution for Women, Frontera—Security Perimeter. The budget includes \$786,000 for preliminary plans and working drawings to construct a lethal electric fence at the California Institution for Women. The estimated future cost to construct the project is \$9.4 million. As of December 31, 2000, the prison housed around 1,900 female offenders. The proposal is to install perimeter security consisting of a 13-foot tall electrified fence between two 12-foot chain link fences. The department has provided no information to substantiate the need for this project or this level of perimeter security for a women's prison. Consequently, we recommend the Legislature delete \$786,000 under Item 5240-301-0001 (20).

California Rehabilitation Center, Norco—Patton State Hospital Double Perimeter Security Fence. The budget includes a request for \$567,000 for working drawings to remove the existing perimeter fence at Patton State Hospital and construct a new double fence with motion detection systems, new sallyports, lighting, and closed-circuit television monitoring equipment. The CDC provides security services for the state hospital, which is operated by the Department of Mental Health. The 1998-99 *Budget Act* included a total of \$773,000 for preliminary plans, which were scheduled to be completed in January 1999. At that time, the project was to result in operational savings of \$3.4 million annually. Based on

information submitted for the budget, the annual savings of the project has now decreased to around \$1.2 million.

According to the Department of General Services, preliminary plans have not begun and will not be complete until January 2002—three years behind schedule. Given the significant project delays and the lack of completed preliminary plans, we recommend the Legislature delete \$567,000 under Item 5240-301-0001 (25). A future request may warrant legislative consideration in the 2002-03 budget.

Avenal State Prison, Avenal—Receiving and Release Expansion. The budget includes \$100,000 for preliminary plans and working drawings to construct an 1,800 sf receiving and release building to house the institution's inmate reception operations. The estimated future cost for construction is \$637,000. The prison, which has a population of nearly 7,000 inmates, first opened in 1987. According to the department, the existing receiving and release area is inefficient for processing inmates who are arriving at and leaving the institution. However, the department has not demonstrated what the problems are with the current layout or why the existing building is inadequate. Finally, the department has provided no information to justify the significant construction cost of \$260 per square foot. Consequently, we recommend the Legislature delete \$100,000 under Item 5140-301-0001 (28).

Various Institutions—Project Studies. The budget includes a total of \$910,000 for four studies related to various infrastructure issues. All four of these project studies were proposed in the budget last year and the Legislature denied funding. Studies of this nature are routinely funded through the department's support budget on a priority basis and additional funds should not be provided under capital outlay. Furthermore, the department received \$400,000 last year under Item 5240-301-0001 to undertake project studies and planning and has requested an additional \$400,000 in the budget year. These funds could be used for the requested studies if they are a high priority. Finally, the budget includes \$2 million in unallocated capital outlay funds, which are specifically available for studies to develop projects which may or may not be submitted for capital outlay funding. Thus, we recommend the Legislature delete a total of \$910,000 from the request and Items 5240-301-0001 (14), 5240-301-0001 (15), 5240-301-0001 (21), and 5240-301-0001 (34) because funding is already available for this purpose.

Additional Information Needed

We withhold recommendation on \$1.9 million for three projects because additional information is needed.

The Governor's budget includes funding requests for preliminary plans and working drawings for three projects totaling \$1.9 million as

shown Figure 4. These project requests may warrant Legislative consideration pending receipt of additional information resolving outstanding scope and cost issues. Consequently, we withhold recommendation of \$1.9 million pending receipt and review of additional information. These projects and our concerns with each are discussed below.

Figure 4

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

(In Thousands)

Item	Project Description	Phase ^a	Budget Amount
5240-301-0001			
(4)	California Correctional Center— Replace Antelope Camp Dorms, Phase I	P; W	\$267
(29)	California State Prison, Los Angeles County—Sewage Equalization Basin	P; W	226
(33)	California State Prison, Sacramento— Psychiatric Service Unit/EOP, Phase II	P; W	1,419
	Total		\$1,912

^a P = preliminary plans; W = working drawings.

California Correctional Center, Susanville—Replace Antelope Camp Dorms, Phase I. The budget includes \$267,000 for preliminary plans and working drawings to begin replacing the existing dorms at the 108 inmate Antelope Camp at the California Correctional Center in Susanville. The estimated future cost to construct the project is \$2.2 million. The department plans to undertake the project in two phases. The first phase includes removal of two existing 18-year old modular dormitories and construction of two new dormitories totaling 6,800 sf. An additional 3,400 sf dormitory would be constructed in the second phase. The department has provided insufficient information regarding the cost of the project, noting only that the cost is based on other dormitory construction. Furthermore, it is not clear if the request will construct more space than it replaces, since the existing dormitory square footage is not identified in the proposal. Finally, in the most recent capital outlay plan submitted by the department, this dormitory replacement was listed as an 11-phase project. It is not clear whether the scope of work has been changed or if there will be future replacement requests. Consequently, we withhold recommendation on \$267,000 under Item 5240-302-0001 (4) pending receipt and review of additional information on the project cost and scope of work.

California State Prison, Los Angeles County—Sewage Equalization Basin. The budget includes \$226,000 for preliminary plans and working drawings to construct a new wastewater flow equalization basin at the institution. The estimated future cost of construction for the project is \$1 million. Wastewater currently generated by the institution is treated by the Los Angeles County Sanitation District (LACSD). The project would allow the institution to divert wastewater flow from the LACSD during peak operating hours through the use of a temporary storage basin. The basin would discharge to LACSD during off-peak operating hours. This would decrease the amount the institution is charged for wastewater treatment.

This institution was occupied in 1993. Thus, it is not clear why in just eight years there is a need to undertake this kind of corrective action. Also, the department has not provided information regarding any water conservation efforts in place which would limit the amount of wastewater generated by the institution. Consequently, we withhold recommendation on \$226,000 under Item 5240-301-0001 (29) pending receipt and review of why this relatively new prison needs this improvement and data on the institution's water conservation policy and plan.

California State Prison, Sacramento—Psychiatric Services Unit/Enhanced Outpatient Care, Phase II. The budget includes \$1.4 million for preliminary plans and working drawings for renovation and conversion of 52,716 sf of existing institution space for an expanded mental health program at the institution. The scope of work for the project includes 21,120 sf of new office space; 6,636 sf for new mental health crisis beds; 9,216 sf for Psychiatric Services Unit (PSU) programs; 15,744 sf for Enhanced Outpatient Program (EOP) services; 9,620 sf for classrooms; and improvements to the existing PSU housing unit. The estimated future cost of the project is \$13.4 million.

The department indicates the project will increase the number of PSU beds available at the institution from 64 to 128 by converting existing cells to house inmates needing these services. The project will also increase the number of EOP beds available at the institution from 96 to 288 by converting existing cells. Finally, the project will construct 12 new mental health crisis beds for the prison. The department has provided insufficient information to demonstrate a need for additional mental health beds, either on a statewide basis or at the institution. For example, the department reports that a total of five inmates currently eligible for PSU services cannot be accommodated within existing resources. This, however, does not explain the proposed doubling of PSU beds. Consequently, we withhold recommendation on \$1.4 million under Item 5240-301-0001 (33) pending receipt and review of additional information justifying the request.

Schedule Major Capital Outlay Projects

We recommend the Legislature schedule two individual capital outlay projects included under Item 5240-301-0001 (3) rather than provide a lump-sum appropriation.

The budget proposes \$715,000 for preliminary plans and working drawings as a lump-sum appropriation for two major capital outlay projects to install lethal electrified fences at two institutions: Correctional Treatment Center, Soledad (\$364,000) and California Institution for Men (East), Chino (\$351,000). The estimated future cost to construct these projects is \$6.9 million for the Soledad prison and \$4.9 million for the Chino prison. Each of these projects is consistent with the policy to install lethal fences at most medium- and maximum-security male prisons. Consequently, we recommend the Legislature approve the requested amounts. The projects, however, are separate major capital outlay projects and should be individually scheduled. Thus, we recommend the Legislature schedule these projects as follows rather than provide a lump-sum appropriation.

- Correctional Treatment Center, Soledad, Electrified Fence, preliminary plans and working drawings—\$364,000.
- California Institution for Men (East), Chino, Electrified Fence, preliminary plans and working drawings—\$351,000.

Fund Preliminary Plans Only

We recommend the Legislature approve \$174,000 (a reduction of \$355,000) to fund only preliminary plans for (1) a new mental health services building at San Luis Obispo, and (2) potable water system improvements at Norco because preliminary plans need to be completed in order to validate the cost and scope of work for each project. (Delete \$225,000 under Item 4440-301-0001 [17] and \$130,000 under Item 5240-301-0001 [24].)

The budget includes two requests totaling \$529,000 for preliminary plans and working drawings for (1) a new 9,240 sf mental health service building at the California Men's Colony, in San Luis Obispo (\$301,000), and (2) various improvements to the potable water system at the California Rehabilitation Clinic, in Norco (\$228,000). The estimated future cost is \$2.5 million for the mental health building and \$1.8 million for the potable water system project. The projects requested are justified and should be approved. However, preliminary plans for the projects should be completed in order to validate the project costs and scope of work before working drawings are authorized.

The department has requested funding for a number of mental health treatment facilities over the last three years and many of these projects

are behind schedule. Based on past experience with construction of these facilities, working drawings will not be needed in the budget year; and the cost, scope of work, and schedule for the project should be refined through completion of preliminary plans before additional funds are authorized. Furthermore, the budget for the mental health project includes an additional 33 percent of the construction cost for project administration (excluding inmate guarding costs), which is significantly higher than for other projects. Consequently, we recommend the Legislature fund a total of \$76,000 for preliminary plans only for the mental health project.

In addition, the Norco potable water project will make a number of modifications to the institution's potable water system which need to be more thoroughly defined. Because of the nature of the project and the age of the institution, preliminary plans for the project should be completed to validate the project cost and scope of work before additional funds are authorized. Consequently, after making an adjustment to the amount for administration we recommend the Legislature fund a total of \$98,000 for preliminary plans only for the potable water improvement project.

Modify Provisional Language

We recommend the Legislature delete the phrase "upon approval of the Department of Finance" in proposed budget language under Provision 1 because such language has prevented the department from producing adequate project cost and scope information in a timely manner. (Modify Provision 1 of Item 5240-301-0001.)

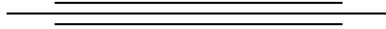
The Governor's budget includes \$400,000 for development of project cost and scope information. Proposed budget bill language specifies that the funds are available "to develop design and cost information for new projects for which funds have not been previously appropriated, but for which . . . funds are expected to be included in the Governor's budget for 2002-03 or 2003-04." The language specifies that the funds are available only upon approval of the Department of Finance (DOF).

These funds are intended to help the department define proposed projects and develop cost estimates early in a fiscal year. That, in turn, gives *both* the administration and the Legislature better information to evaluate, during the latter part of the fiscal year, capital outlay projects which may be included in future budgets.

For many of the projects included in the department's budget, however, insufficient project scope and cost information is available. A significant factor contributing to the lack of information is that DOF does not approve the use of the development funds until deciding to include the projects in the Governor's budget—that is, almost halfway through

the fiscal year. As a result, necessary project information is not available for timely review during the budget process. In order to address this problem, we recommend that the funds be available directly to the department to develop the necessary information on their capital outlay projects. This would allow the department to start work early in the budget year and appropriate scope and cost information would be available in a more timely manner to the administration and the Legislature.

To assure the department receives the funds at the beginning of the budget year, we recommend the Legislature delete the phrase "upon approval of the DOF" under Provision 1 of Item 5240-301-0001.



DEPARTMENT OF THE YOUTH AUTHORITY (5460)

The Department of the Youth Authority (CYA) operates 11 institutions (including two reception centers) and six conservation camps throughout the state. As of December 31, 2000, the system housed 7,100 wards. The budget includes requests totaling \$22.6 million from the General Fund for capital improvements at existing state institutions. This represents a decrease of \$2.4 million from the current year. The estimated future cost to complete these projects is \$10.4 million. The budget includes the following proposals:

Previously Funded Projects:

- \$6.9 million for design and construction of a new kitchen at the Fred C. Nelles Youth Correctional Facility.
- \$4.1 million for design and construction of a new Correctional Treatment Center at the Northern California Youth Correctional Center.
- \$3.2 million for construction to convert 50 beds to a new Specialized Counseling Program at the Southern Youth Correctional Reception Center and Clinic.
- \$1.3 million for construction to install air conditioning in education classrooms at the El Paso de Robles Youth Correctional Facility.
- \$1.2 million for construction to install personal security alarms at the N.A. Chaderjian Youth Correctional Facility.

New Proposals:

- \$4.1 million for minor capital outlay projects (costs of less than \$400,000 per project).
- \$765,000 for design of a new kitchen at the Preston Youth Correctional Facility.
- \$682,000 for design of a new mental health treatment facility at the N.A. Chaderjian Youth Correctional Facility.

- \$250,000 for planning and studies.
- \$124,000 for design to renovate an existing kitchen at the Northern California Youth Correctional Center.

We recommend the Legislature approve \$4.1 million for minor capital outlay projects. A discussion of the balance of the request and our recommendations follow.

Modify Provisional Language

We recommend the Legislature delete the phrase “upon approval of the Department of Finance” under Provision 1 because such language has prevented the Youth Authority from producing adequate project cost and scope information in a timely manner. (Modify Provision 1 of Item 5460-301-0001.)

The Governor’s budget includes \$250,000 for development of project cost and scope information. Proposed budget bill language specifies that the funds are available “to develop design and cost information for new projects for which funds have not been previously appropriated, but for which . . . funds are expected to be included in the Governor’s budget for 2002-03 or 2003-04.” The language specifies that these funds are available only upon approval of the Department of Finance (DOF).

These funds are intended to help the department define proposed projects and develop cost estimates early in a fiscal year. That, in turn, gives *both* the administration and the Legislature better information to evaluate, during the latter part of the fiscal year, capital outlay projects which may be included in future budgets.

For many of the projects included in the department’s budget, however, insufficient project scope and cost information is available. A significant factor contributing to the lack of information is that DOF does not approve the use of the development funds until deciding to include the projects in the Governor’s budget—that is, almost halfway through the fiscal year. As a result, necessary project information is not available for timely review during the budget process. In order to address this problem, we recommend that the funds be available directly to the department to develop the necessary information on their capital outlay projects. This would allow the department to start work early in the budget year and appropriate scope and cost information would be available in a more timely manner to the administration and the Legislature.

To assure the department receives the funds at the beginning of the budget year, we recommend the Legislature delete the phrase “upon approval of the DOF” under Provision 1 of Item 5460-301-0001.

**Projects Recommended for Approval
Contingent on Completion of Preliminary Plans**

We recommend the Legislature approve \$9.4 million of funding requests for construction of three projects contingent on receipt and review of completed preliminary plans consistent with prior legislative approval.

The Governor’s budget includes funding requests for working drawings and/or construction of three continuing projects that total \$9.4 million for which preliminary plans and/or working drawings were funded in prior years (see Figure 1). The amounts included in the budget are consistent with the inflation-adjusted future costs associated with the prior appropriations and, pending timely completion of prior phases, should proceed. Therefore, we recommend the Legislature approve the requested amounts contingent on receipt and review of completed preliminary plans and cost estimates consistent with prior legislative approval. As discussed below, we raise an additional issue concerning the new kitchen project at the Nelles facility.

Figure 1

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

(In Thousands)

Item 5460-301-0001	Project Description	Phase ^a	Budget Amount	Scheduled Completion of Plans
(4)	N.A. Chaderjian Youth Correctional Facility: personal alarms	C	\$1,226	May 2001
(7)	El Paso de Robles Youth Correctional Facility: air conditioning	C	1,302	March 2001
(8)	Fred C. Nelles Youth Correctional Facility: construct new kitchen	W; C	6,886	May 2001
Total			\$9,414	

^a W = working drawings and C = construction.

Fred C. Nelles Youth Correctional Facility—New Kitchen. The budget includes \$6.9 million for construction of a new central kitchen and dining facility at the Fred C. Nelles Youth Correctional Facility in Whittier. The 2000-01 Budget Act included \$374,000 for preliminary plans, and at that time preliminary plans were scheduled to be completed by April 2001. The inflation-adjusted future cost recognized by the Legislature for

working drawings and construction was \$6.9 million. The Legislature directed the department to design the kitchen to serve the existing population of the institution based on serving three shifts per meal. The department was directed to develop a food service program for the project during preliminary plans which would be accommodated within the 19,600 square foot facility proposed and would be completed within the recognized future cost. Preliminary plans, which are scheduled to be complete in May 2001, should be completed in order to validate the project cost and scope of work before the Legislature authorizes additional project funds.

Delete Funding for Various Projects at Institutions Statewide

We recommend the Legislature delete \$8.9 million from the General Fund requested for five projects at four institutions because inadequate program and planning information is available. (Delete a total of \$8.9 million under Items 5460-301-0001 [2], [3], [5], [6], and [9].)

The Governor's budget includes \$8.9 million for various phases of five projects at four institutions as shown in Figure 2. Insufficient program planning information has been provided for all of the projects. In two cases, preliminary plans should be completed before additional funds are authorized. The requests and our concerns with each are discussed below.

Figure 2

Department of the Youth Authority Projects Recommended for Deletion

(In Thousands)

Item 5460-301-0001	Project Description	Phase ^a	Budget Amount
(2)	Preston Youth Correctional Facility: new kitchen	P; W	\$765
(3)	Northern California Youth Correctional Center: Correctional Treatment Center	W; C	4,088
(5)	N.A. Chaderjian Youth Correctional Center: construct 50 bed specialized counseling program	P; W	682
(6)	Northern California Youth Correctional Cen- ter: renovation of floor and blast chillers	P; W	124
(9)	Southern Youth Correctional Reception Center and Clinic: specialized counseling program	C	3,238
Total			\$8,897

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

Preston Youth Correctional Facility—New Kitchen. The budget includes \$765,000 for preliminary plans and working drawings to construct a new 22,000 square foot kitchen at the Preston Youth Correctional Facility in Ione. The estimated future cost to construct the project is \$7.5 million. This construction cost is based on information prepared in 1998, and at that time no food service program had been developed. As mentioned above, this same issue was raised last year when the department requested funds for the new kitchen at the Fred C. Nelles Youth Correctional Facility. Development of a kitchen program is critical in order to ensure the project meets the food preparation needs of the institution. The department has not prepared a food service program for this project, and consequently it is not clear if the proposal will address the institution's needs. The department should develop a project plan defining the needs and overall program before the Legislature authorizes any funds to design or construct a new kitchen. A future proposal based on the appropriate needs assessment and food service program may warrant legislative consideration. At this time, however, we recommend the Legislature delete \$765,000 under Item 5460-301-0001 (2).

Northern California Youth Correctional Center—Correctional Treatment Center. The budget includes \$4.1 million for working drawings and construction to renovate 11,600 square feet of the existing infirmary to provide a 14 bed licensed Correctional Treatment Center at the Northern California Youth Correctional Center in Stockton. The *2000-01 Budget Act* included \$219,000 for preliminary plans for this project. At that time, the plans were scheduled to be complete by May 2001. According to the Department of General Services, the preliminary plans will not be completed until August 2001, three months behind schedule. In last year's *Analysis*, we raised an issue regarding this project schedule and construction cost. We recommended that the Legislature delete the requested working drawing funds (which it did), and noted that funding for working drawings and construction could be considered in 2001-02 if preliminary plans were completed on schedule and within the estimated project cost. Now, the project has been delayed three months, and the Legislature has no more information regarding the cost or scope of work for the project than it had last year. Preliminary plans and associated cost estimates should be available for legislative review to validate the project scope and cost before the Legislature appropriates any additional funds. Consequently, we recommend the Legislature delete \$4,088,000 under Item 5460-301-0001 (3).

N. A. Chaderjian Youth Correctional Facility—Construct 50 Bed Specialized Counseling Program. The budget includes \$682,000 for preliminary plans and working drawings (\$234,000) to renovate an existing living unit to accommodate a new 50 bed Specialized Counseling Program

(SCP) and to purchase and install temporary facilities (\$448,000). The estimated future cost of the project is \$2.2 million for construction.

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 an Intensive Treatment Program (ITP) until their condition improves and they can be moved to an SCP. From the SCP, the wards return to the general population in the institution. This proposal will construct (1) a total of 7,189 square feet of program space for the SCP program, (2) a secured corridor with observation cameras, and (3) various site improvements including paving and landscaping.

The department indicates that the temporary (modular) facilities will be periodically relocated over the next six fiscal years as the department constructs new facilities to address its long-term medical program needs.

According to the department, this is part of a multiyear project that will ultimately develop 500 mental health treatment beds throughout the Youth Authority. The Legislature, however, has no information on the overall need for these types of facilities, where the facilities will be located, the department's overall implementation plan, or the estimated construction and ongoing operating costs. This overall information should be available to the Legislature instead of the administration continuing to request projects in a piece-meal fashion and without the context of the entire program and associated costs. Consequently, we recommend deletion of \$682,000 under Item 5460-301-0001 (5) until such information is available to the Legislature.

Southern Youth Correctional Reception Center and Clinic—SCP. The budget includes \$3.2 million for construction to alter an existing building for 50 SCP beds at the Southern Youth Correctional Reception Center and Clinic in Norwalk. The project is to convert the 50 bed Marshall Living Unit, currently used for the ITP. The proposal is to "harden" the living units for the SCP program. The 2000-01 Budget Act included \$368,000 for preliminary plans and working drawings for this project. While this project has received prior legislative approval, as noted above the department has not provided an implementation plan for mental health service delivery which addresses facility and program needs. In addition, preliminary plans are not scheduled to be complete until June 2001, and working drawings will not be complete until January 2002. Thus, the Legislature has no more information regarding the cost or scope of work for the project than it had last year. Preliminary plans should be completed to validate the project cost before the Legislature authorizes additional construction funds. Consequently, we recommend the Legislature delete \$3.3 million under Item 5460-301-0001 (9).

Additional Information Needed

We withhold recommendation on \$124,000 for preliminary plans to renovate the kitchen at the Northern California Youth Correctional Center pending receipt of information to justify (1) the cost of the project and (2) the need for additional freezer capacity.

The Governor's budget includes \$124,000 for preliminary plans and working drawings to renovate the existing kitchen at the Northern California Youth Correctional Center. The estimated future cost for the project is \$714,000. The project will (1) replace the existing concrete floor and (2) replace three existing blast chillers with five new units.

The blast chillers were installed in 1990 and are used to refrigerate prepared food that will be served at a future meal. According to the department, the units were improperly installed because the existing floor was not designed, nor adequately prepared, to accommodate the moisture and temperatures generated by the blast chillers. While it is apparent that the institution has a problem with the current units, the department has provided little information regarding the cost of the proposed project, why the units were not installed properly, or why this should not be funded on a priority basis using the department's special repair funds. Furthermore, it is unclear why additional food processing capacity is required at the institution. Pending receipt of information addressing these issues, we withhold recommendation of \$124,000 under Item 5460-301-0001 (6).

DEPARTMENT OF EDUCATION (6110)

The Department of Education operates three schools for students with exceptional needs: two schools for the deaf located in Riverside and Fremont, and one school for the blind, located in Fremont. The budget includes requests totaling \$2.6 million from the General Fund for capital improvements to the existing schools. This represents a decrease of \$5.2 million from the current year. The budget includes the following proposals:

- \$2.1 million to construct the Pupil Personnel Services facility at the Fremont School for the Deaf.
- \$351,000 to construct new housing at the Fremont School for the Blind.
- \$93,000 for equipment for a new middle school at the Riverside School for the Deaf.

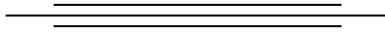
Below we raise an issue with Fremont School for the Deaf project. We recommend the Legislature approve the balance of projects as requested.

Preliminary Plans Not Completed

We recommend the Legislature delete \$2.1 million for construction of the Pupil Personnel Services facility at the Fremont School for the Deaf because (1) preliminary plans are not complete and (2) the funds will not be needed in the budget year. (Delete \$2.1 million under Item 6110-301-0001 [2].)

The budget proposes \$2.1 million from the General Fund for construction of the Pupil Personnel Services facility at the Fremont School for the Deaf. The 2000-01 Budget Act included a total of \$257,000 for preliminary plans and working drawings for the project. At the time those funds were appropriated, the working drawings were scheduled to be complete in October 2001. The Department of General Services now reports the work-

ing drawings will not be complete until April 2002. Consequently, funds for construction will not be needed in the budget year. Furthermore, because preliminary plans have not yet been completed, the Legislature has no more information now than it had last year regarding the construction cost or scope of work for the project. Preliminary plans should be completed in order to validate the previous cost recognized by the Legislature before additional funds are authorized. Therefore, we recommend the Legislature delete \$2.1 million under Item 6110-301-0001 (2).



UNIVERSITY OF CALIFORNIA (6440)

The budget proposes \$511.7 million from general obligation bonds and the General Fund under the University of California's (UC) 2001-02 capital program. Of this amount, \$203.3 million is proposed from the Higher Education Capital Outlay Bond Fund of 1998 for 32 projects, with an estimated future cost of \$571.8 million. The budget also proposes \$308.4 million from the General Fund including—\$160.4 million for four projects at the Merced campus, with an estimated future cost of \$24.8 million; \$108 million for four Institutes for Science and Innovation, with a future state cost of \$150 million; \$30 million for a UC San Francisco Fresno Medical Center; and \$10 million for a new Heckman International Center for Management at Palm Desert.

We recommend the Legislature approve \$193 million for 20 projects. Further, we recommend the Legislature delete \$311.9 million for 9 projects (estimated future cost totals \$219.2 million) and reduce funding for 3 projects by \$2.4 million this year and \$29.6 million in future years.

THE UC SHOULD SET CAMPUS GOALS FOR YEAR-ROUND OPERATION

We recommend the Legislature adopt supplement report language directing the University of California (UC) to establish five-year goals at each campus for summer enrollment, that such goals be sufficient to accommodate enrollment growth without construction of new instructional facilities to the extent feasible, and that UC not limit summer enrollment.

We have previously recommended the three segments of higher education operate their facilities year-round in order to reduce the need to construct new facilities to accommodate enrollment growth. Chapter 383, Statutes of 2000 (AB 2409, Migden) takes note of year-round operation (YRO)

as a strategy for accommodating enrollment growth, provides that fees at UC and California State University (CSU) during the summer shall not exceed those for any other term, and provides that CSU and UC shall retain the flexibility to implement YRO differently on individual campuses.

To utilize its facilities most efficiently, UC should increase its summer enrollment so it is equal to that in other terms. If enrollment in the summer is equal to that in other terms, UC may be able to accommodate up to one-third more students than it can if it does not operate during summer term. If UC limits its summer enrollment, it will not realize the full benefit of YRO. We also recommend UC establish campus-by-campus goals for summer enrollment that will lead to maximum summer term enrollment. This should preclude the need—except in rare situations—to construct additional instructional facilities for the foreseeable future.

PROJECTS RECOMMENDED FOR DELETION

Berkeley: Stanley Hall Seismic Mitigation

We recommend the Legislature delete \$2.2 million to develop working drawings for the Stanley Hall Seismic Mitigation project at the University of California, Berkeley because the research activity in this building is to be relocated to existing campus space and there should be no need to construct replacement space after Stanley Hall is demolished. (Delete \$2.2 million from Item 6440-302-0574 [1].)

The budget includes \$2.2 million for working drawings for demolition of Stanley Hall and construction of a new building. No preliminary plans have been funded for the project. The new building would replace the space lost by demolition of Stanley Hall and would provide additional space for the new Institute for Science and Innovation. Construction is scheduled for completion in January 2005.

The estimated future construction cost for the portion of the new building related to replacement of Stanley Hall is \$16.1 million. No information has been received about the additional cost for working drawings and construction for the institute portion of the building. The additional space for the institute would be funded in an unknown amount through separate appropriations for three institutes that have been approved by the Legislature. The first appropriation of \$75 million for the three institutes was approved in the 2000-01 Budget Act, a second \$75 million appropriation is included in the Governor's budget, and two additional appropriations of \$75 million each are planned to be included in the 2002-03 and 2003-04 Governor's budgets. In addition, a fourth institute has also been proposed in the Governor's budget.

Replacement of Research Space Should Not Be Needed. Stanley Hall is a 42,518 assignable square foot (asf) building, including 36,571 asf of research space, 4,294 asf of offices, and 1,653 asf of classrooms. The Berkeley campus currently has over 2 million asf of research space. Based on long-standing legislatively approved space standards, the Berkeley campus has over 300,000 asf more research space (and 100,000 asf more classroom space) than called for under these standards. With this amount of research space, it is not clear why the state should fund a building to replace 36,571 asf of research space.

Also, UC indicates it will move current occupants of Stanley Hall to other permanent space on campus in order to demolish the existing building and construct the new building for the institute and to replace Stanley Hall. Thus, the existing activities will be in their relocated space for several years. It is not clear why the activities could not remain in these locations. If UC believes more research space is needed, it can provide it by using Garamendi bonds (bonds financed through research) or other nonstate funds.

San Diego: Pharmaceutical Sciences Building

We recommend the Legislature delete \$1.4 million to develop preliminary plans for a Pharmaceutical Sciences Building at the University of California, San Diego because the information provided is insufficient to justify establishment of a new pharmacy school. (Delete \$1.4 million from Item 6440-301-0574 [18].)

The budget includes \$1.4 million for development of preliminary plans for a new 44,000 asf pharmaceutical sciences building that would add 39,100 asf of research space, 2,600 asf of classrooms, 1,500 asf of offices, and 800 asf of teaching laboratories to the campus. Estimated future state costs are \$1.7 million for working drawings, \$24.7 million for construction, and \$2 million for equipment. The building would be the first construction undertaken in the establishment of a proposed new school of pharmacy at the San Diego campus. Construction is scheduled for completion in September 2005.

Insufficient Justification for Establishing New Pharmacy School. No proposal for support of a new pharmacy school has been proposed in the Governor's budget. Thus, the Legislature has not been presented with a proposal nor has it approved the establishment of a pharmacy school at the San Diego campus. Instead, the proposal in the Governor's budget asks the Legislature to approve a new building that would lead to development of a pharmacy school without first providing information on the need for and costs of establishing a new school. For example, information has not been provided regarding a shortage of

pharmacy school graduates, if there is a need to initiate a new school of pharmacy, or expand an existing school. In addition, UC has not provided any information on the ongoing operating costs related to a new pharmacy school. Also, UC has not indicated what additional capital outlay the state might be called upon to provide if it takes the initial step in establishing a pharmacy school at the San Diego campus by funding this project. The campus has indicated this first building will accommodate 70 full-time equivalent (FTE) students, but the school is planned for an ultimate enrollment of 300 FTE students. This would seem to indicate additional capital outlay would be required if the ultimate enrollment is to be served.

The need for establishing a pharmacy program, its operating costs, and capital costs should be detailed and provided to the Legislature for review *before* a capital outlay request is submitted. Consequently, we recommend the Legislature delete the \$1.4 million requested under Item 6440-301-0574(18) to develop preliminary plans for a Pharmaceutical Sciences Building at the UC San Diego campus.

No Information on Three Projects

We recommend deletion of \$148 million from the General Fund for three proposals because there is no information about how the funds proposed would be spent. (Delete \$148 million from Item 6440-301-0001.)

The budget proposes the following General Fund expenditures:

- Institutes for Science and Innovation: preliminary plans, working drawings, construction, and equipment, \$108 million.
- San Francisco, Fresno Medical Center: preliminary plans, working drawings, and construction, \$30 million.
- Riverside, Heckman International Center for Management: preliminary plans, working drawings, and construction, \$10 million.

The university has not provided information on what needs these projects are addressing, why they are needed, what the scope of work is or the basis for the requested amounts. With regard to the institutes, UC has provided little information about how it has spent or plans to spend the \$75 million that was appropriated by the *2000-01 Budget Act*. As noted above, facilities for one of these institutes will be constructed on the site of Stanley Hall at the Berkeley campus. Lacking any information on these projects, we recommend the Legislature delete the requested amounts.

PROJECTS RECOMMENDED FOR REDUCTION

Irvine: Natural Sciences Unit 2

We recommend the Legislature reduce \$2.1 million from this item to develop preliminary plans and working drawings for the Natural Sciences Unit 2 at the University of California, Irvine because the cost of the project is too high. We also recommend the Legislature recognize a future cost of \$27.9 million for construction. (Reduce Item 6440-302-0574 [5] by \$2.1 million.)

The budget includes \$4.6 million for preliminary plans and working drawings for a new 69,170 asf building for the biological sciences, chemistry, and physics departments at the Irvine campus. The amount of space includes 54,070 asf for research laboratories and 15,100 asf for faculty and administrative offices. Estimated future state costs are \$51.6 million for construction and \$3.6 million for equipment, with an additional \$3.6 million for equipment to be provided from university sources. Construction of this building is scheduled for completion in December 2004.

High Construction Cost. The estimated construction cost for the project proposed in the Governor’s budget is \$747 per asf of the building and project cost (construction cost plus the costs for preliminary plans and working drawings) is \$814 per asf. We have recommended the Legislature appropriate capital outlay funds for higher education based on construction cost guidelines shown in Figure 1. (Please see the crosscutting issue “Funding Higher Education Capital Outlay” earlier in this chapter.)

Figure 1

Irvine, Natural Sciences Unit 2 LAO Recommended Construction Cost

Space Use	ASF ^a	LAO Recommendation	
		Construction Cost Per ASF	Construction Cost (In Thousands)
Research	54,070	\$441	\$23,845
Offices	15,100	268	4,047
Totals	69,170	\$403 (average)	\$27,892

^a Assignable square feet.

Based on our recommended construction cost guidelines, we recommend the Legislature recognize a future construction cost for the project of \$27.9 million, a reduction of \$23.8 million from that proposed in the Governor’s budget. We also recommend a proportional reduction of \$2.1 million in the proposed appropriation for preliminary plans and working drawings.

Riverside: Biological Sciences Building

We recommend the Legislature reduce \$150,000 from this item to develop preliminary plans for the Biological Sciences Building at the University of California, Riverside and recognize future costs of \$669,000 for working drawings and \$13.3 million for construction because the cost of the project is too high. (Reduce Item 6440-301-0574 [14] by \$150,000.)

The budget includes \$0.6 million for preliminary plans for a new 31,666 asf biological sciences building that would add 28,013 asf of research space and 3,653 asf for offices to the campus. Estimated future costs include state costs of \$0.9 million for working drawings and \$19.6 million for construction. The proposal also includes \$1.8 million of gift funds for construction and \$0.5 million of university funds for equipment. Construction of this building is scheduled for completion in September 2005.

High Construction Cost. The construction cost of the project proposed in the Governor’s budget is \$620 per asf of the building. We have recommended the Legislature appropriate capital outlay funds for higher education based on construction cost guidelines shown in Figure 2.

Figure 2

**Riverside, Biological Sciences Building
LAO Recommended Construction Cost**

Space Use	ASF ^a	LAO Recommendation	
		Construction Cost Per ASF	Construction Cost (In Thousands)
Research	28,013	\$441	\$12,354
Offices	3,653	268	979
Totals	31,666	\$421 (average)	\$13,333

^a Assignable square feet.

Based on our recommended construction cost guidelines, we recommend the Legislature recognize a future cost of \$13.3 million for construction. We also recommend a proportional reduction of \$150,000 for preliminary plans and \$225,000 in future costs for working drawings.

Riverside: Engineering Building Unit 2

We recommend the Legislature reduce \$119,000 from this item to develop preliminary plans and working drawings for the Engineering Building Unit 2 at the University of California, Riverside and recognize a future state construction cost of \$34.3 million because the cost of the project is too high. (Reduce Item 6440-301-0574 [13] by \$119,000.)

The budget includes \$3.1 million for preliminary plans and working drawings for a new 89,686 asf engineering building at Riverside that would add 19,200 asf of teaching laboratories, 5,356 asf of classrooms, 46,210 asf of research and scholarly activities space, and 18,920 asf of offices to the campus. Estimated future costs include \$35.7 million of state funds and \$5.1 million of gift funds for construction, and \$0.5 million of university funds for equipment. Construction of this building is scheduled for completion in June 2005.

High Construction Cost. The construction cost of the project proposed in the Governor’s budget is \$398 per asf of the building. We have recommended the Legislature appropriate capital outlay funds for higher education based on construction cost guidelines shown in Figure 3.

Figure 3			
Riverside, Engineering Building Unit 2 LAO Recommended Construction Cost Guidelines			
Space Use	ASF ^a	LAO Recommendation	
		Construction Cost Per ASF	Construction Cost (In Thousands)
Teaching laboratories	19,200	\$385	\$7,392
Classrooms	5,356	270	1,446
Research and scholarly activities	46,210	441	20,379
Offices	18,920	268	5,070
Totals	89,686	\$382 (average)	\$34,287

^a Assignable square feet.

Based on our recommended construction cost guidelines, we recommend the Legislature recognize a future construction cost for the project of \$34.3 million, a reduction of \$1.4 million from that proposed in the Governor's budget. We also recommend a proportional reduction of \$119,000 in the proposed appropriation of \$3.1 million for preliminary plans and working drawings in the Governor's budget.

Development of UC Merced Campus Slower Than Legislature's Expectations

We withhold recommendation on \$160.4 million from the General Fund for the Merced campus because the University of California (UC) has provided no information about its plans and there is little to indicate UC is moving forward with development in accordance with the expectations of the Legislature.

The Governor's budget includes \$160.4 million from the General Fund for the following projects at the undeveloped UC Merced campus:

- \$37 million—Site Development and Infrastructure, Phase 1: construction.
- \$69 million—Science and Engineering Building: construction.
- \$53 million—Library/Information Technology Center: construction.
- \$1.9 million—Classroom and Office Building: preliminary plans and working drawings.

The UC has not provided information to substantiate the requested \$160.4 million. For example, UC has not identified the specific site for the new campus, has not provided a master plan for the campus, has not identified the site development and infrastructure improvements necessary to begin campus development and has provided only conceptual information on the cost and scope of the proposed buildings. Consequently, it is not clear when UC would begin development of the campus or what outcome the Legislature can expect through the appropriation of the requested funds.

Uncertain Time Frame for Development of Merced Campus. The Legislature has taken extraordinary steps to expedite development of the new UC Merced campus with the expectation that the campus would open for instruction in fall 2004. For example, since 1997 the Legislature has appropriated \$71.2 million to begin the process of establishing the Merced campus. This amount includes:

- \$4.7 million for capital outlay.

- \$30 million for the Wildlife Conservation Board to acquire wildlife habitat.
- \$36.5 million in UC's support budget for planning the campus and other activities.

Even with this legislative effort, there still is little to show in the actual progress toward developing the campus. It has been very difficult to obtain information from UC regarding the status of their efforts on the new campus, but all indications are that it is highly unlikely that UC will meet the fall 2004 date. For example, the status of the campus environmental impact report is uncertain and a campus master plan is not available. UC has been unable to provide information on what site development and infrastructure is needed in order to initiate the basic development for the campus, and the proposed initial buildings are only in the conceptual stage. In addition, it is our understanding that UC has recently selected a new site for the campus. If this is the case, UC will likely need to prepare another environmental impact report, which will further delay campus development.

The Legislature has been clear in its desire and direction to UC to create and expedite the development of this new campus. We believe it is incumbent upon UC to provide the Legislature not only the current status of campus planning and development but also the action steps UC will take to expedite development to open the campus for instruction. It is our understanding that UC will submit a report on the Merced campus in mid-February. Hopefully UC will use this report to address these concerns. Pending UC providing the Legislature this information and in view of the lack of information on the budget proposals, we withhold recommendation on the \$160.4 million capital outlay request.

Withhold Recommendation on Davis Veterinary Medicine 3A

We withhold recommendation on \$3.3 million from bonds for working drawings for the Davis campus Veterinary Medicine 3A project pending receipt and review of information concerning how the project will be funded and implemented.

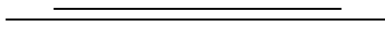
The budget proposes \$3.3 million for working drawings for a 96,090 asf building for veterinary medicine. The building includes 34,275 asf of teaching laboratories, 41,920 asf of research space, and 19,895 asf of clinical teaching facilities. The 2000-01 Budget Act appropriated \$4 million from the General Fund to develop preliminary plans and included budget language that required the Department of Finance to approve the project before these funds could be spent. We have three concerns with this project.

First, at the time of this *Analysis*, it was our understanding that the Department of Finance had not yet approved the project. This being the case, the funds appropriation in the current year for preparation of preliminary plans were still not available to UC for expenditure. Thus, the Legislature will not have preliminary plans and associated cost estimates to review the project scope and cost. In addition, given this situation, it is not clear that UC will need working drawings funds in the budget year.

Second, the project as proposed by UC would be funded for construction over two years—\$34.9 million each in 2002-03 and 2003-04—with construction of *each* “phase” requiring about three years to complete. Thus, construction of the phases would overlap. The project, however, is designed as an integrated facility rather than separate and independent projects. Therefore, it is not clear how the two phases will be bid and the construction coordinated. Furthermore, phasing of the project in this manner will delay completion of the new facilities by at least one year. The UC has been unable to explain how they intend to undertake the project based on this split funding scheme.

Third, it is unclear how the necessary utilities to the site will be funded and constructed. The campus plan is to construct several buildings in the vicinity of Veterinary Medicine 3A, some of which are to be funded from nonstate sources. Utility mains—sewer, water, electric power, steam and chilled water—must be extended from the main campus to this area of the campus to serve the Veterinary Medicine 3A building and the other buildings. According to UC, the cost of this work has been prorated to each building based on estimated utility use, with \$5.7 million prorated to the 3A building. UC, however, has not provided the scope of work for the utility project, the estimated cost for the project or the basis for the proposed prorated amount. In addition, it is our understanding that all necessary funds to undertake the utility project may not be available. Therefore, it is not certain when the necessary utilities will be installed. The UC has not been able to address these issues.

Pending clarification of these issues, we withhold recommendation on the \$3.3 million requested to prepare working drawings for the Veterinary Medicine 3A project on the Davis campus.



CALIFORNIA STATE UNIVERSITY (6610)

The budget proposes \$201.5 million to fund 27 major capital outlay projects and \$5.5 million for minor capital outlay projects from general obligation bonds. The estimated cost to complete these projects is \$82.3 million. Figure 1 summarizes these projects.

Figure 1

California State University 2001-02 Major Capital Outlay Program

(Dollars in Thousands)

Type of Project	Number of Projects	Budget Bill Amount	Estimated Future Cost
Equipment	6	\$14,410	\$225
Utilities			
Telecommunications infrastructure	14	\$59,793	\$73,111
Other Utilities	1	4,000	—
Undergraduate Instructional Improvements			
Renovations	1	\$2,335	—
New	4	82,055	\$5,380
Auditorium	1	38,919	3,583
Totals	27	\$201,512	\$82,299

We recommend approval of \$80.5 million for 22 major capital outlay projects and \$5.5 million for minor capital outlay projects. The future cost for these projects is \$73.3 million. We withhold recommendation on \$72.1 million for three projects and recommend deletion of two projects costing \$48.9 million. These five projects are discussed below. We begin,

however, with a discussion of California State University's (CSU's) plans for implementation of year-round operation (YRO) and the "streamlined" funding process.

Year-Round Operation

We recommend California State University adjust its five-year capital outlay plan to reflect facility needs under year-round operation.

Using YRO, CSU campuses can accommodate about 90,000 more full time equivalent (FTE) students than under current operations. In its April 2000 report to the Joint Legislative Budget Committee, *Feasibility Study on Year-Round Operations*, CSU indicated it expects an additional 94,600 FTE over the next decade, and recognizes that YRO is a necessary alternative for addressing increased enrollment demand. The university also provided planning information showing how it proposes to increase summer enrollment at individual campuses in future years. This appears to indicate CSU's intent to initiate YRO. The CSU's 2001-02/2005-06 *Capital Improvement Program*, however, is not consistent with this intent. Instead, the capital program continues to call for construction of many new buildings that will add instructional capacity that will not be needed if the campuses are operated year-round. For example, the segment's plan called for projects that would add around 10,000 FTE of instructional capacity to CSU campuses in 2001-02 (the Governor's budget does not fund most of these requests). Through 2005-06, the CSU plan would construct facilities that would add a total of over 34,000 FTE to CSU's capacity.

As mentioned above, CSU expects an enrollment increase of 94,000 FTE over the next decade. Based on existing facilities and facilities funded for construction, the CSU can accommodate a systemwide enrollment growth of over 26,000 FTE. Also, an additional enrollment of about 90,000 FTE could be accommodated through the implementation of YRO. Thus, the combination of existing capacity and YRO could accommodate an enrollment growth of around 116,000 FTE—21,000 FTE above the expected ten-year growth. Clearly, under YRO the projects in the five-year *Capital Improvement Program* that add instructional capacity to CSU campuses would not be needed. This is not to imply that CSU will not need capital improvements. Many campus facilities and infrastructure systems are over 30 years old and in need of renovation or replacement. Implementation of YRO would allow CSU to turn its attention to address these other capital needs. Consequently, we recommend CSU revise its capital outlay program to reflect facilities needs based on implementation of YRO.

The Streamlined Process

We recommend the Legislature not fund the California State University projects using the streamlined process unless better project information is made available to the Legislature in time to be reviewed and evaluated before budget hearings.

We have generally recommended that, before approving funds for working drawings and/or construction, the Legislature have an opportunity to review major capital outlay projects to verify the project is within the legislatively approved scope and budget. This can be accomplished by appropriating funds for preliminary plans before appropriating construction funds.

Beginning with the 1998-99 *Governor's Budget*, the Legislature has authorized CSU to use a streamlined process for some projects whereby a single appropriation for preliminary plans, working drawings and construction has been proposed for a group of projects. Included in this approach has been budget language that eliminates the need for approvals by the Public Works Board, requires completion of all projects within both the approved scope of work and the total amount of the appropriation, and allows CSU to augment projects by up to 10 percent from savings realized on other projects in the same appropriation. We have encouraged this streamlined process with the understanding that CSU would provide *fully defined and justified* project information at the outset to ensure that (1) the Legislature would have the information it needs in order to consider the funding request and (2) the project can be completed successfully and in a more timely manner. We continue to support this effort but recommend the Legislature not fund projects under the streamline process if CSU has not provided the necessary information.

The information CSU has provided on three of the projects in the Governor's budget is not definitive and does not include enough information to justify funding them under the streamline process. In addition, it is not clear that the requests are justified under YRO. These projects are discussed below.

Projects on Which Recommendation Withheld

We withhold recommendation on Fresno: Science II Replacement Building, \$22.8 million; Sacramento: Academic Information Resource Center, \$25.7 million; and San Bernardino: Science Building Renovation/ Addition, Phase I Annex, \$23.6 million because (1) insufficient information has been provided to define and justify the projects under the streamline process and (2) the projects may not be justified under year-round operation. (Withhold recommendation on Items 6610-302-0574 [4], 6610-302-0574 [6], and 6610-302-0574 [7].)

The budget proposes:

- ***Fresno: Science II Replacement Building.*** This project would construct a 42,583 assignable square feet (asf) building that would replace 1,398 FTE of lecture space and 56 faculty office stations now located in temporary buildings known as San Ramon 2 and 6. It would also provide an additional 53 faculty office stations and 52 FTE of new laboratory space.
- ***Sacramento: Academic Resource Information Center.*** This project would construct a 67,807 asf building for administrative offices for the university computing and communication services and university telecommunications services. A 6,900 asf interactive learning center would be included in the building. It would increase the campus capacity by 130 FTE.
- ***San Bernardino: Science Building Renovation/Addition, Phase I Annex.*** This project would construct a 35,704 asf building for the College of Natural Sciences. The project would increase campus capacity by 1,015 FTE and add 37 faculty offices.

These projects have been proposed for streamlined funding (preliminary plans, working drawings, and construction from a single appropriation). The supporting information, however, does not show what the proposed facilities will consist of nor does it explain why they are needed—especially under YRO. There is also insufficient information to establish that less costly alternatives have been considered. Accordingly, we withhold recommendation on these projects pending receipt of additional information.

Channel Islands: Science Laboratory Facility

We recommend deletion of \$10 million for preliminary plans, working drawings and construction for a Science Laboratory Facility because justification for the project has not been provided and the proposal is inconsistent with information the California State University has previously provided in support of its establishing the Channel Islands campus. (Delete \$10 million from Item 6610-302-0574 [8].)

The Governor's budget proposes \$10 million for a new 18,847 asf (30,013 gross square feet [gsf]) science building that would provide lecture capacity for 233 FTE and teaching laboratory capacity for 90 FTE at CSU Channel Islands. This campus is located at the former Camarillo State Hospital in Ventura. The current capacity of the campus is 1,909 FTE and enrollment is 939 FTE.

The budget proposal is inconsistent with information CSU has previously provided about the cost to develop a CSU campus at Camarillo.

The CSU Channel Islands campus encompasses 629 acres and about 1.6 million gsf of existing buildings, approximately 1.2 million of which CSU has referred to as the “academic core.” The 1998-99 *Budget Act* appropriated \$11.3 million for renovation of existing buildings for CSU’s use. In support of that proposal, CSU prepared a “Five-Year Improvement Program, 1998/99 - 2003/04,” that estimated the first phase of development would *renovate* 100,000 gsf to accommodate 2,400 FTE at a capital cost of \$4,733 per FTE. The five-year program planned to *renovate* an additional 100,000 gsf at a cost of less than \$8,500 per FTE. The proposal in the Governor’s budget for a *new* building, however, is to provide 30,013 gsf to accommodate 323 FTE, at a cost of \$10 million. This is almost \$31,000 per FTE. It is not clear that this expenditure for new construction is cost effective when CSU has indicated it can provide renovated space in the existing buildings for a fraction of that cost.

Also, CSU prepared and submitted a “needs analysis” to the California Post Secondary Education Commission in April 2000 for the necessary approval to establish a new campus at the Camarillo site. That report identified only two capital outlay projects to be funded in the 2001-03 period—an information resource center/library budgeted at \$38 million (\$10 million state-funded and \$28 million from nonstate sources), and a science building “. . . that will be funded with \$12,500,000 from nonstate sources.” The proposal now before the Legislature is inconsistent with this information.

These inconsistencies raise questions about the cost to the state to develop the Channel Islands campus. Without better information about the full cost to develop the Channel Islands campus, we recommend the Legislature deny funding for this proposal.

Fullerton: Auditorium/Fine Arts Instructional Facility

We recommend deletion of \$38.9 million for the auditorium/fine arts facility because (1) the campus has a sufficient amount of instructional space and (2) there are other priority instructional needs throughout higher education. (Delete \$38.9 million from Item 6610-302-0574 [5].)

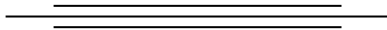
The budget proposes a new 1,200 seat, 60,992 asf theater with 359 FTE lecture capacity, 232 FTE fine arts laboratory capacity, and 14 faculty offices. Funds for preliminary plans and working drawings were appropriated by the 1992-93 *Budget Act*. The Governor’s budget proposes \$38.9 million for working drawings (to update earlier drawings) and construction. The project has a future state cost of \$3,538,000 for equipment.

Instructional Space. This project would result in an increased campus classroom capacity of 359 FTE and teaching laboratory capacity of

232 FTE. Existing campus capacity is 19,702 FTE compared to an instructional capacity need of 19,121 FTE. Furthermore, if the campus operated year-round, it would have capacity to accommodate a total enrollment of about 25,400 FTE. In view of existing capacity and the capacity under YRO, the proposed additional instructional space is not justified.

Theater. The CSU has not identified what portion of the \$38.9 million project cost is attributable to the 1,200 seat theater. The cost, however, would clearly exceed 50 percent of the request. In view of other state-wide needs in higher education, we question the expenditure of a large amount of limited funds for this purpose. Even under CSU's priorities, this project is number 37 out of 39 projects. Moreover, without the instructional space component of the proposal, the theater would be even a lower priority. Consequently, we recommend the Legislature also delete this portion of the project. In its place the campus can continue to use its two existing dance studios—a 500 seat theater and a 200 seat recital hall.

Based on the above, we recommend the Legislature delete the \$38.9 million requested for this project.



CALIFORNIA COMMUNITY COLLEGES (6870)

The proposed 2001-02 capital outlay program for the California Community Colleges totals \$143.6 million from general obligation bonds. This amount includes \$129.9 million for 58 projects that have been previously funded by the Legislature and \$13.7 million for 20 projects that are proposed to the Legislature for the first time. The estimated future cost to complete all projects in the budget is \$277 million. Figure 1 shows the types of projects proposed in the community college program.

Figure 1

California Community Colleges 2001-02 Capital Outlay Program

(Dollars in Thousands)

Type of Project	Number of Projects	Budget Bill Amount	Estimated Future Cost
Seismic corrections	23	\$28,645	\$28,933
Equipment	25	30,938	—
Site development and utilities	2	2,568	2,836
Libraries	6	24,671	64,903
Child development centers	3	7,284	8,728
Undergraduate instructional improvements	17	49,150	167,580
Studies	2	313	—
Totals	78	\$143,569	\$276,611

Planning and Studies

We recommend the Legislature delete \$108,000 for planning and studies and \$205,000 for a seismic retrofit study because the Chancellor's Office has not substantiated the need for these additional funds. (Delete \$108,000 from Item 6870-301-0574 [1] and \$205,000 from Item 6870-301-0658 [1].)

The budget proposes \$108,000 for planning and studies and for \$205,000 for a seismic retrofit study. These funds could be used for either project-specific purposes or for general planning. The Chancellor's Office, however, already receives funding for both these activities. 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 to the Chancellor's Office for project-specific costs. General planning is the responsibility of the Chancellor's Office staff, who are funded in the support budget. Since these activities are funded elsewhere, we recommend the Legislature delete the requested \$313,000.

Preliminary Plans Not Complete

We recommend the Legislature delete \$64.1 million requested for working drawings and/or construction for 20 projects because preliminary plans are not complete. If preliminary plans and cost estimates are received in time for review during the budget process, the project requests would warrant legislative consideration.

We recommend the Legislature not appropriate working drawings and/or construction funding for projects when preliminary plans have not been completed so it can be verified that the projects are within the scope and budget approved by the Legislature. Preliminary plans for the 20 projects shown in Figure 2 have not been completed. We therefore recommend the Legislature delete the requested amounts. If preliminary plans and requested cost estimates are received in time for review during the budget process, the project requests would warrant legislative consideration.

Withhold Recommendation on Twenty New Projects

We withhold recommendation on \$13.7 million for 20 new projects because information was not submitted in time for review.

The Governor's budget includes \$13.7 million for the 20 projects that have not previously been submitted to the Legislature. These projects are shown in Figure 3 (see page 116). The project scope and cost information for these projects was approved by the Chancellor's office in summer 2000. The information, however, was not sent to the Legislature until mid-January 2001. Consequently, we have not had sufficient time to review the proposals to determine if (1) the scope and cost of each project are appropriate or (2) if the project is needed under year-round operation. Thus, we withhold recommendation on the projects in Figure 3 pending review of the submitted information, as well as any additional information that may be necessary to clarify the proposals.

Figure 2**California Community Colleges
Projects with Preliminary Plans Not Complete***(In Thousands)*

Project^a	Phase^a	Amount Proposed
Cerritos CCD, Cerritos College: seismic retrofit, administration	C	\$1,146
Cerritos CCD, Cerritos College: seismic retrofit, liberal arts	C	901
Cerritos CCD, Cerritos College: seismic retrofit, social sciences	C	2,065
Contra Costa CCD, Diablo Valley College: life science renovation	W; C	8,730
El Camino CCD, El Camino College: science complex renovation (H&S)	C	14,211
Long Beach CCD, Long Beach City College: child development center	W; C	3,840
Los Angeles CCD, East Los Angeles College: technology building	C	16,269
Mendocino Lake CCD, Mendocino Community College: science building	W	267
Palomar CCD, Palomar College: high tech laboratory classroom building	W	1,063
Rancho Santiago CCD, Santa Ana College: seismic retrofit, auto diesel	C	718
Rancho Santiago CCD, Santa Ana College: seismic retrofit, Library A	C	882
Rancho Santiago CCD, Santa Ana College: seismic retrofit, Library B	C	1,051
San Bernardino CCD, San Bernardino Valley College: child development center	W; C	3,040
San Bernardino CCD, San Bernardino Valley College: seismic replacement, art building	C	1,457
San Bernardino CCD, San Bernardino Valley College: seismic retrofit, auditorium	C	3,185
San Bernardino CCD, San Bernardino Valley College: seismic retrofit, business building	C	1,834
San Bernardino CCD, San Bernardino Valley College: seismic retrofit, technical building	C	767
San Luis Obispo CCD, Cuesta College: library addition reconstruction	W	450
Santa Clarita CCD, College of the Canyons: seismic retrofit, Bonelli Center	C	1,684
Victor Valley CCD, Victor Valley College: advanced technology complex	W	565
Total		\$64,125

^a CCD = Community College District; W = working drawings; and C = construction.

Figure 3

California Community Colleges Recommendation Withheld Pending Review

(In Thousands)

Project ^a	Phase ^a	Amount Proposed
Cerritos CCD, Cerritos College, seismic retrofit, metals	P; W	\$104
Cerritos CCD, Cerritos College, seismic retrofit, electronics	P; W	68
Cerritos CCD, Cerritos College, seismic retrofit, science and math complex, life safety	P; W	1,214
Chaffey CCD, Chaffey College, Science Building	P; W	673
Citrus CCD, Citrus College, math/science building replacement	P; W	788
Contra Costa CCD, Diablo Valley College, seismic retrofit, humanities building	P; W; C	894
Desert CCD, College of the Desert, seismic retrofit, dining hall	P; W	78
Long Beach CCD, Long Beach City College, replacement of technology buildings	P; W	737
Los Angeles CCD, Los Angeles City College, child development center	P; W	404
Los Angeles CCD, Los Angeles Trade-Tech College, Building F mechanical system conversion	P; W; C	955
Monterey Peninsula CCD, Monterey Peninsula College, plant service complex (H&S)	P; W; C	1,280
Mt. San Antonio CCD, Mt. San Antonio College, science building replacement	P; W	1,485
Mt. San Jacinto CCD, Menifee Community College, learning resource center	P; W	704
North Orange CCD, Fullerton College, library/learning resources center	P; W	1,384
San Joaquin Delta CCD, San Joaquin Delta CCD, electrical system infrastructure	P; W	288
San Luis Obispo County Community College District, North County Center, initial building-science cluster	P; W	647
San Mateo County Community College District, Canada College, seismic retrofit, student services building #6	P; W	353
San Mateo County Community College District, Skyline College, seismic retrofit, gym building #3	P; W	157
San Mateo County Community College District, Skyline College, seismic retrofit, building #7 and #8	P; W	365
Victor Valley Community College District, seismic retrofit, auxiliary gymnasium	P; W; C	1,087
Total		\$13,665

^a CCD = Community College District; P = preliminary plans; W = working drawings; and C = construction.

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 \$21.9 million—\$21.2 million from the General Fund and \$0.7 million from the State Highway Account (SHA) of the State Transportation Fund—for:

- Relocation: Yermo Agricultural Inspection Station (\$8.8 million).
- Hawaii Medfly Rearing Facility (\$0.5 million).
- Relocation: Truckee Agricultural Inspection Station (\$11.2 million).
- Meadowview Greenhouse Replacement, Sacramento (\$0.7 million).
- Relocation: Dorris Agricultural Inspection Station (\$0.7 million).

Hawaii Medfly Rearing Facility

We withhold recommendation on \$0.5 million for preliminary plans pending a decision by the Legislature on the continuation of the Medfly Preventive Release program.

The Governor’s budget proposes \$539,000 for preliminary plans for a 24,000 gross square feet (gsf) sterile medfly rearing facility and 12,000 gsf storage facility adjacent to the existing rearing facility in Hawaii.

The medfly preventive release program began in 1996 and involves raising and releasing sterile medflies in the Los Angeles Basin. Total program costs are \$15 million shared equally between the state and federal government. When the program was approved by the Legislature, the program was to operate for five years (through 2000-01) at which time

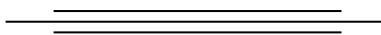
the program need and effectiveness would be evaluated and a report submitted to the Legislature in March 2001. We withhold recommendation on this proposal pending the department's report to the Legislature on the program's effectiveness.

Relocation: Truckee Agricultural Inspection Station

We recommend the Legislature shift \$3.5 million of the \$11.2 million requested from the General Fund for construction of the Truckee inspection station to the State Highway Account because the improvements to be funded by this amount are for the benefit of the state highway system. (Delete \$3.5 million from Item 8570-301-0001(3) and add Item 8570-301-0042(2) in the same amount.)

The Governor's budget includes \$11.2 million to construct a new agricultural inspection station on property near the existing California Highway Patrol truck inspection station in Truckee, Placer County. The new station will consist of an 8,375 gsf inspection structure and a stand-alone 6,840 gsf truck inspection and detention building. Site work includes utilities, paving, a septic system, and emergency generator. The new station will have increased capacity, and its location avoids the current station's problem of bypass roads that could be used by motorists to avoid inspection. The new station is located within the right-of-way of Interstate 80 and its construction is therefore subject to requirements of the Department of Transportation (Caltrans).

The 2000-01 Governor's Budget proposed \$533,000 from the General Fund for working drawings for this project and recognized future construction cost of \$10.9 million. The Department of General Services (DGS) estimated \$3.4 million of this amount was attributable to improvements required by Caltrans for the benefit of the state highway system and \$7.5 million to the functions of the DFA agricultural inspection station. The Legislature recognized this division of the benefits of the project and appropriated a proportional \$380,000 from the General Fund and \$153,000 from the SHA for working drawings in the 2000-01 Budget Act. The Legislature also adopted supplemental report language recognizing future construction cost of the project of \$10.9 million—\$7.5 million from the General Fund and \$3.4 million from the SHA. With allowance for inflation, the construction cost proposed in the Governor's budget is \$11.2 million, of which \$3.5 million should be funded from the SHA. Therefore, we recommend the Legislature shift \$3.5 million from the General Fund proposal and increase the department's SHA proposal by the same amount.



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 capital outlay program for 2001-02 includes \$2.6 million from the General Fund and \$36,000 in federal funds. A discussion of this proposal and our recommendations follows.

Projects Recommended for Approval Contingent on Completion of Preliminary Plans

We recommend the Legislature approve \$216,000 from the General Fund for working drawings for two projects at Camp San Luis Obispo contingent on receipt and review of preliminary plans and associated cost estimates.

The Governor's budget includes \$216,000 from the General Fund to prepare working drawings for a new pistol qualification course (\$98,000) and a modified record rifle range (\$118,000) at Camp San Luis Obispo. The future state cost to construct these projects is \$500,000 and \$162,000, respectively. The future federal share in project costs is \$2,264,000 and \$3,062,000, respectively. The amounts included in the budget are consistent with the inflation adjusted future costs associated with the prior appropriations. However, the preliminary plan for these projects have not been completed. Consequently, we recommend the Legislature approve the requested amounts contingent on receipt and review of the preliminary plans and associated cost estimates during the budget process.

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 phase is to assess 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. Three years after the initial request, the first phase of the study still has not been completed. Consequently, we recommend the Legislature delete \$545,000 requested for the second phase of this plan.

Annual Long-Term Capital Improvement Reports Not Submitted

We recommend the Legislature delete \$893,000 from the General Fund and \$36,000 of federal funds because (1) the department has not submitted a long-term capital improvement program plan and (2) study funds are not necessary because development of capital outlay proposals is part of the department’s operations responsibility. (Delete \$893,000 under Items 8940-301-0001 [1], [3], [6], and [7], and \$36,000 under Item 8940-301-0001 [1].)

The budget includes requests totaling \$893,000 from the General Fund and \$36,000 from federal funds for various projects as detailed in Figure 1.

Figure 1

Military Department Projects Recommended for Deletion

(In Thousands)

Item 8940-301-0001	Project Description	Phase ^a	General Fund	Federal Funds
(1)	Advanced plans and studies	S	\$125	\$36
(3)	Camp San Luis Obispo: domestic water distribution study	S	150	—
(6)	Camp San Luis Obispo: facilities demolition	P	150	—
(7)	Los Alamitos: airfield electrical distribution system	P; W	468	—
Totals			\$893	\$36

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

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 five-year repair, modernization, replacement projects, and expenditures, and annually report on the progress in attaining the objectives of the plan. The goal of this plan was for the Legislature to have a better understanding of the department's long-term capital needs and the progress made annually toward meeting those needs. For the second year in a row, the department has not provided this information to the Legislature. Consequently, it is not clear how the department's funding requests relate to their overall facility program.

For example, a request for \$468,000 for preliminary plans and working drawings is included in the budget to address the electrical distribution system at Los Alamitos Airfield. This project was not identified in the department's most recent capital outlay program. The Legislature has no information about the need for this or other projects.

The budget also includes \$150,000 from the General Fund to study the domestic water supply system at Camp San Luis Obispo. The purpose of the study is to investigate the existing water supply and distribution system for the camp. The Legislature has no information regarding the relative priority for this project. The department has not provided any statistics detailing a problem, including the amount of water needed to service the camp, the available supply, any potential sources, or what water conservation measures may be in place. It is not clear why this study is needed or if there are any problems with the existing system. Furthermore, studies to determine capital outlay needs (like the \$150,000 just discussed and \$151,000 in other funding requested for studies) are part of the department's responsibility in developing a capital program. This function is included in the department's support budget and additional funds should not be provided under capital outlay.

For these reasons, we recommend the Legislature delete \$893,000 from the General Fund and \$36,000 of federal funds for the requests shown in Figure 1.

Military Projects Behind Schedule

We recommend the department report to the Legislature prior to budget hearings regarding the status of all currently authorized capital outlay projects with explanation of all schedule delays.

In the 1998-99 *Budget Act*, the Legislature authorized a total of \$11.5 million from the General Fund for various improvement projects for the department. When this analysis was prepared, 12 of the projects

totaling almost \$10 million, were behind schedule by 1 to 15 months (see Figure 2). According to the Department of General Services, many of the projects have been delayed due to (1) a lack of federal funds and (2) problems encountered during construction. We recommend the Military Department report to the Legislature prior to budget hearings regarding the status of all state-funded construction projects, current project schedules, the availability of federal funds, and an explanation of any schedule delays.

Figure 2

**Military Department
Projects Funded in 1998-99 Behind Schedule**

(In Thousands)

Project Description	General Fund	Phase^a	Schedule Delayed^b
Camp San Luis Obispo: consolidated dining facility	\$198	W	15 months
Camp San Luis Obispo: operational maintenance shop	95	P; W	15 months
Inglewood: organizational maintenance shop	192	P; W	8 months
San Diego: organizational maintenance shop	343	W; C	8 months
Long Beach/Redondo: security lighting	293	P; W; C	7 months
Gardena: security lighting	301	P; W; C	7 months
Long Beach/Sterns: security lighting	566	P; W; C	7 months
San Francisco: security lighting	528	P; W; C	6 months
Los Angeles: armory	5,692	C	3 months
San Diego: security lighting	1,051	P; W; C	3 months
Stockton: security lighting	278	P; W; C	2 months
Sacramento/Meadowview: security lighting	433	P; W; C	1 months
Total	\$9,970		

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

^b According to the Department of General Services.

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 budget includes requests totaling \$5.5 million from the General Fund for capital improvements at existing state institutions. This represents a decrease of \$4.5 million from the current year. The estimated future cost to complete these projects is \$1.3 million.

The budget includes the following proposals:

- \$3.7 million for two previously funded projects to renovate existing facilities.
- \$198,000 to renovate an existing water tank and install 4,500 feet of water line.
- \$1.5 million for minor capital outlay projects (costs of less than \$400,000 per project).

Insufficient Justification of Cost

We recommend the Legislature delete \$198,000 for preliminary plans and working drawings to renovate an existing water storage tank and install a new water line because the department has not justified the cost of the project. (Delete Item 8960-301-0001 [3]).

The budget includes a request for \$198,000 for preliminary plans and working drawings to renovate an existing water storage tank and install 4,500 feet of 12 inch water line at the Yountville home. The estimated future cost for the project is estimated to be \$1.3 million for construction.

We have several concerns with this project:

- The request is based on an estimate prepared three years ago and has not been updated since that time. The only information available for the future construction cost is a single lump-sum cost item.
- The department reports that the project will address water quality issues, as well as Americans with Disabilities Act (ADA) compliance. (The request includes \$1,500 for plan checking to ensure ADA compliance.) However, it is not clear how installation of a water line will address handicap accessibility issues at the home.
- The total project cost of \$1.5 million includes \$391,000 for project administration. The administrative cost includes items such as: \$15,000 for an environmental impact report (EIR), although it is not clear why an EIR is necessary; \$34,000 (more than \$4,000 a month) for travel expenses during the eight month construction period; and more than \$110,000 for the Department of General Services (DGS) to manage the project and administer the construction contracts. No information is available explaining why state administrative costs would be so high for a relatively simple project for which neither design nor construction will be complex. As such, the DGS should be able to develop a more detailed estimate prior to requesting funds, and design and administration of the project should be significantly less than 35 percent of the construction cost.

A revised submittal with these adjustments may warrant legislative consideration. The project as submitted, however, is not justified and we recommend the Legislature delete the \$198,000 requested under Item 8960-301-0001 (3).

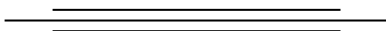
No Information on Status of Veteran's Home Cemetery Renovation

We recommend the department report to the Legislature prior to budget hearings regarding of the status of the Yountville cemetery renovation project and the comprehensive plan for improving the cemetery.

The department requested funding last year to modernize and upgrade the existing veterans memorial cemetery at the Yountville home. The Legislature appropriated \$62,000 in the 2000-01 Budget Act to prepare preliminary plans to renovate the cemetery. Improvements were to include construction of a visitor's kiosk and restrooms, straightening of headstones, installation of an irrigation system, and road repairs. The

Legislature expressed concern over the condition of the cemetery and adopted supplemental report language directing the department to provide the Legislature a comprehensive plan to provide a first-class memorial cemetery for veterans. The plan is to be submitted at the time additional project funding is requested.

Status of Cemetery Project and Comprehensive Plan. Preliminary plans for the project were scheduled to be complete by December 2000. However, no information is available regarding the status of the project or work accomplished to date. In addition, the department has not provided any information on the comprehensive plan. Therefore, we recommend the department report to the Legislature prior to budget hearings on the status of the project and the comprehensive plan.



UNALLOCATED CAPITAL OUTLAY (9860)

The Governor's budget includes \$2 million from the General Fund for unallocated capital outlay expenditures. Proposed budget language stipulates that these funds are to be allocated by the Department of Finance (DOF). The funds are to be used to develop project design and cost information for new capital outlay proposals which have not been previously funded by the Legislature but are anticipated to be in the Governor's budgets in 2002-03 or 2003-04, or in the 2003-04 five-year capital outlay plans. The 2000-01 *Budget Act* included \$2 million for similar purposes.

Providing unallocated funds for capital outlay is a long-standing practice. The intent of these funds, however, is to give *both* the administration *and* the Legislature better information to evaluate capital outlay projects. These funds have been viewed as "risk money" because it may be spent on projects that may not be (1) included in future budgets or (2) approved by the Legislature.

Unallocated Funds Not Used

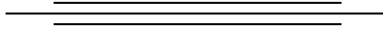
We recommend the Legislature delete \$2 million from the General Fund proposed for unallocated capital outlay expenditures and reappropriate the unexpended balance from the 2000-01 Budget Act.

According to DOF, a total of \$626,000 of the funds appropriated last year have actually been spent to develop information for the 2001-02 capital outlay program. As discussed under various departments' capital programs, the administration has not provided sufficient project scope and cost information for many projects. As a result, the Legislature does not have the information it needs when considering the merits of appropriating requested capital outlay funds.

A significant factor contributing to the lack of information is that DOF does not distribute the unallocated funds until deciding which projects to include in the Governor's budget—that is, almost halfway through

the fiscal year. As a result, necessary project information is not available for timely review during the budget process. In order to address this problem, DOF needs to allocate the funds early in the budget year so that appropriate scope and cost information would be available in a more timely manner to the administration and the Legislature.

Regardless of the department's policy, nearly \$1.4 million remains unexpended from the \$2 million appropriated in the *2000-01 Budget Act*. These funds should be spent before additional funds are provided. Consequently, we recommend the Legislature delete the \$2 million under Item 9860-301-0001 and reappropriate the balance of the current-year funds.



FINDINGS AND RECOMMENDATIONS

Capital Outlay

Analysis

Page

Crosscutting Issues

- G-15 ■ **Implementing the California Infrastructure Plan.** The administration needs to provide the Legislature an adequate amount of information on both the state's infrastructure needs and the status of the five-year statewide plan to address these needs. We suggest the Legislature hold hearings on the administration's process for developing the plan to ensure the Legislature receives the necessary information.

- G-19 ■ **Appropriate Capital Outlay Funds on Basis of Statewide Higher Education Priorities.** Recommend the Legislature provide funding for higher education capital outlay based on statewide priorities and criteria, using reasonable construction cost guidelines, and on the basis of year-round operation.

Judicial Council

- G-23 ■ **Site Acquisition and Preliminary Plans for Two Courthouses Behind Schedule. Delete Items 0250-301-001 (1) and (2).** Recommend deletion of \$1.3 million for the working drawing phase of new appellate courthouses in Santa Ana and Fresno because the courthouse sites have not been acquired and working drawing funds will not be needed in the budget year.

- G-24 ■ **Withhold Recommendation on Courthouse Renovation.** Withhold recommendation on \$567,000 for the preliminary plans, working drawings, and construction to renovate the 2nd Appellate District courthouse because it is unclear whether the court's vacant judicial and staff positions will be filled in the budget year.

Analysis

Page

Office of Emergency Services

- G-25 ■ **No Information on Proposed Headquarters Building Delete \$1.3 Million Under Item 0690-301-0001 (1).** Recommend deletion of \$1.3 million for site acquisition and preliminary plans to construct facilities at the department's new headquarters because no justification has been provided for why these are needed.

Department of Justice

- G-26 ■ **No Justification for New DNA Laboratory. Delete \$15 Million Under Item 0820-301-0001 (2).** Recommend deletion of \$15 million for design and construction of a new DNA analysis laboratory because no information has been provided to justify the need for a new laboratory.

California Science Center

- G-28 ■ **Phase II Schematic Plans Not Complete. Withhold Recommendation on \$10.5 Million Under Item 1100-301-0001 (1).** Withhold recommendation on the \$10.5 million requested for preliminary plans and working drawings for the Science Center Phase II project pending completion of schematic plans and associated cost estimates, and information from the Science Center assuring the availability of the substantial private donations necessary to undertake the project.

Department of General Services

- G-31 ■ **Existing General Obligation Bonds Should Be Used to Fund Projects.** Recommend the Legislature fund seismic retrofit projects using existing general obligation bonds rather than the General Fund.
- G-32 ■ **Bond Funding for Previously Approved Projects.** Withhold recommendation of eight proposed projects totaling \$13.3 million pending receipt of preliminary plans. If the plans are

Analysis

Page

received, we recommend the Legislature shift the funding from the General Fund to general obligation bonds.

- G-33 ■ **Proposed Expenditure of Remaining Bonds.** Withhold recommendation on 15 additional projects until the department revises the project priorities.
- G-33 ■ **Program Administration Fees Should Be Reduced. Delete \$823,000 Under Item 1760-301-0768 (1).** Recommend the reduction in the amount of funding provided for program management by \$823,000 because the department has not substantiated a need for increased funding.
- G-35 ■ **Retrofit of Developmental Centers.** Withhold recommendation of \$2.4 million to retrofit one building, and recommend that, before authorizing funds to retrofit any buildings at the developmental centers, the Legislature determine whether the state-owned facilities will continue to be occupied and if the state-operated acute care hospital should continue to be operated.
- G-36 ■ **Food and Agriculture Building Renovations. Delete \$20.8 Million From Item 1760-301-0001 (1) and \$2 Million From Item 1760-301-0001 (4).** Recommend deletion of \$22.8 million for renovation of Department of Food and Agriculture buildings until unanswered questions are resolved.
- G-38 ■ **Capitol Area East End Project. Delete \$22.2 Million From Item 1760-301-0001 (2).** Recommend deletion of \$22.2 million from the General Fund for buyout of the private use portion of the project and recommend the buyout be funded in separate legislation that also reduces the total authorized cost of the project by \$22.2 million.
- G-38 ■ **Projects With Inadequate Cost Estimates. Delete \$1.9 Million From Item 1760-301-0001 (5) and Delete \$2.2 Million From Item 1760-301-0001 (6).** Recommend deletion of \$4.1 million because the proposals are based on both inadequate project information and cost estimates.

Analysis

Page

- G-39 ■ **Bonderson Building Preliminary Plans Not Complete. Delete \$13.2 Million From Item 1760-301-0001 (3).** Recommend deletion of \$13.2 million because preliminary plans are not complete and there is no basis for verifying the project within the legislatively approved scope and budget.

Department of Transportation

- G-41 ■ **Eureka Office Building: Seismic Retrofit.** Withhold recommendation on \$5.1 million for construction pending substantial completion of preliminary plans.
- G-41 ■ **Sacramento Headquarters Office: Seismic Retrofit.** Withhold recommendation on \$8.9 million for construction pending substantial completion of preliminary plans.
- G-42 ■ **Los Angeles Office Building: Replacement. Delete \$136.7 Million From Item 2660-311-0042 (4).** Recommend deletion of \$136.7 million because of uncertainties that should be resolved before proceeding.

California Highway Patrol

- G-44 ■ **Williams: Replacement Facility. Delete \$3.2 Million From Item 2720-301-0044 (1).** Recommend deletion of \$3.2 million because a site has not been acquired and preliminary plans have not been started.
- G-45 ■ **Monterey: New Facility.** Withhold recommendation of \$4.2 million under Item 2720-301-0044 (4) pending acquisition of site and resolution of construction budget.

Department of Motor Vehicles

- G-46 ■ **South Sacramento, Lease-With-Purchase Option. Delete Provision 1, Item 2740-001-0044.** Recommend replacing the office building by state capital outlay, not by a lease-with-purchase option agreement with a private developer.

Analysis

Page

- G-48 ■ **Stockton, Field Office Replacement. Delete \$5.1 Million From Item 2740-301-0044 (3).** Recommend deletion of funding for working drawings and construction because a site has not been acquired or identified and preliminary plans have not been started.
- G-49 ■ **San Ysidro, Office Relocation. Delete \$4.7 Million From Item 2740-301-0044 (4).** Recommend deletion of funding for working drawings and construction because a site has not been acquired and preliminary plans have not been started.

California Conservation Corps

- G-50 ■ **Pacific Bays Residential Study.** Recommend deletion of \$150,000 from Item 3340-301-0001(1) because the purpose of the study has not been defined.
- G-51 ■ **Camarillo Satellite Relocation/Construction.** Recommend deletion of \$10.5 million from Item 3340-301-0001(2) because preliminary plans are not complete.
- G-51 ■ **Proposal for Delta Service District Center is Premature.** Recommend deletion of \$588,000 from Item 3340-301-0001(3) as there are several unanswered questions about the future location of the center.

Department of Forestry and Fire Protection

- G-53 ■ **Withhold Recommendation on \$55.6 Million for 27 Projects.** Withhold recommendation pending demonstration by the administration that work on these projects can be undertaken in the budget year.
- G-53 ■ **Delete \$2.5 Million Associated With 13 Projects.** Recommend deletion because of current and chronic problems in the implementation of the department's capital outlay program.

Department of Parks and Recreation

- G-57 ■ **Projects Without Completed Preliminary Plans. Delete \$2 Million From Item 3790-301-0001 (2), Delete \$601,000 From Item 3790-301-0001 (3), Delete \$1.1 Million From Item 3790-301-0005 (2), Delete \$2.7 Million From Item 3790-301-0005 (10), Delete \$2.2 Million From Item 3790-301-0005 (11), Delete \$1.7 Million From Item 3790-301-0005 (16), Delete \$803,000 From Item 3790-301-0005 (20), and Delete \$6.4 Million From Item 3790-301-0005 (24).** Deletions recommended because preliminary plans are not complete.
- G-58 ■ **Local Assistance Grants to Federal Government.** Recommend the Department of Parks and Recreation report on the reason for the large amount of local assistance grants to the federal government rather than local agencies.
- G-59 ■ **Statewide Proposals Lack Necessary Information. Delete \$5 Million From Item 3790-301-0005 (27), Delete \$4.3 Million From Item 3790-301-0005 (28), and Delete \$10 Million From Item 3790-301-0005 (29).** Recommend deletion because there is no information about how funds appropriated in the current year for the same programs are being spent or about what properties would be acquired with funds proposed in the Governor's budget.
- G-60 ■ **No Preliminary Plans for Three Projects. Withhold Recommendation on Items 3790-301-0005(6), (12), and (24).** Withhold recommendation because no preliminary plans have been provided and the Legislature has not previously had an opportunity to consider these projects.

Air Resources Board

- G-62 ■ **Haagen-Smit Laboratory Breezeway Renovation. Delete \$2.2 Million From Item 3900-301-0115 (1).** Recommend deletion of funding for construction because preliminary plans are not complete.

Department of Health Services

- G-63 ■ **Funding Not Needed in Budget Year. Delete \$2.2 Million Under Item 4260-301-0001 (1).** Recommend deletion of \$2.2 million for working drawings for the Richmond Laboratory Phase III project because preliminary plans have not been completed and the Legislature has no more project information than it had last year.

Department of Developmental Services

- G-64 ■ **Developmental Center Restructuring.** Recommend that the department report to the Legislature prior to budget hearing regarding (1) the recommendations for restructuring the department, (2) the effect these recommendations will have on the existing capital program and assets, (3) the future capital needs resulting from any changes in service delivery, (4) the effect of the recommendations on the developmental center operating costs, and (5) a proposed time line for implementing any changes.
- G-65 ■ **Project Cost Increase Unjustified. Delete \$5.4 Million Under Item 4300-301-0001 (1).** Recommend deletion of \$5.4 million for working drawings and construction for the Agnew Building 54 Fire and Life Safety Upgrade project because (1) construction funds have already been provided and (2) the department has not justified a twofold increase in construction costs.

Department of Mental Health

- G-68 ■ **New Sexually Violent Predator (SVP) Facility.** Withdraw recommendation on the \$349.3 million requested for construction of the new SVP facility because (1) the cost has increased \$66 million (23 percent) and information has not been provided to substantiate this increase and (2) based on the projected SVP population a 1,500-bed facility is not needed. We further recommend that, if construction funds are provided, the Legislature appropriate the necessary amount from the General Fund rather than lease payment bonds.

Analysis

Page

- G-69 ■ **Admissions Suite Renovation. Reduce Item 4440-301-0001 (5) by \$59,000.** Recommend deletion of \$59,000 to fund only preliminary plans for the Patton Hospital admissions suite renovation because of the lack of information to warrant funding the working drawing phase.
- G-69 ■ **Fragmented Proposal for Personal Alarm Systems. Withhold Recommendation on \$628,000 Under Item 4440-301-0001 [4] and \$273,000 Under Item 4440-301-0001 [6].** Withhold recommendation on \$901,000 for three capital outlay proposals to install security alarm systems at various institutions because it is not clear how the requests are related or will be implemented. The department should report to the Legislature prior to budget hearings with a complete security plan which identifies the coordination between projects and how each will be implemented.
- G-70 ■ **Funded Studies Not Completed. Withhold Recommendation of \$1.3 Million Under Item 4440-301-0660 (2) and (3).** Withhold recommendation on \$1.3 million for preliminary plans and working drawings for two renovation projects at Metropolitan and Napa State Hospitals pending receipt of two studies assessing the need for these projects.

California Department of Corrections

- G-75 ■ **Projects Recommended for Approval Contingent on Completion of Preliminary Plans.** Recommend approval of \$34.6 million of funding requests for working drawings and construction of six projects, contingent on receipt and review of completed preliminary plans and associated cost estimates consistent with prior Legislative approval.
- G-75 ■ **Proposal to Replace Air Conditioning System in New Prison. Delete \$1.1 Million Under Item 5240-301-0001 [30].** Recommend deletion of \$1.1 million to develop preliminary plans for a new air conditioning system at Chuckawalla Valley State Prison because (1) the existing system adequately maintains the required temperature in the institution, (2) the proposed solution will require more energy to operate, (3) in-kind replacement of the existing units would be less costly, and

Analysis

Page

(4) the department already has funds available for this type of special repair project.

- G-78 ■ **Increased Construction Costs for Electrified Fences. Delete \$191,000 From Item 5240-301-0001 (16) and \$84,000 From Item 5240-301-0001 (27).** Recommend deletion of a total of \$275,000 from two projects to construct lethal electric fences at two prisons because the increased costs are unjustified.
- G-78 ■ **Delete Funding for Small Management Yards. Delete \$750,000 Under Item 5240-301-0001 (2).** Recommend deletion of \$750,000 for design and construction of small management yards at two institutions because the Legislature already provided funding to address the institutions' needs.
- G-79 ■ **Delete Funding for Various Projects at Institutions Statewide. Delete \$6 Million Under Items 5240-301-0001 [5], [6], [14], [15], [18], [20], [21], [25], [28], and [34].** Recommend deletion of \$6 million from the General Fund requested for ten projects at eight institutions because either (1) the project has not been justified, (2) funds are not needed in the budget year or (3) the Legislature previously denied the project.
- G-82 ■ **Additional Information Needed.** Withhold recommendation on \$1.9 million of funding requests for three projects because additional information is needed.
- G-85 ■ **Schedule Major Capital Outlay Projects.** Recommend that the Legislature schedule two individual capital outlay projects included under Item 5240-301-0001 (3) rather than provide a lump-sum appropriation.
- G-85 ■ **Fund Preliminary Plans Only. Delete \$225,000 Under Item 4440-301-0001 [17] and \$130,000 Under Item 5240-301-0001 [24].** Recommend approval of \$174,000 (a reduction of \$355,000) to fund only preliminary plans for (1) a new mental health services building at San Luis Obispo, and (2) potable water system improvements at Norco because preliminary plans need be completed in order to validate the cost and scope of work for each project.

Analysis

Page

- G-86 ■ **Modify Provisional Language.** Recommend deletion of the phrase “upon approval of the Department of Finance” under Provision 1 because such language has prevented the department from producing adequate project cost and scope information in a timely manner.

Department of the Youth Authority

- G-89 ■ **Modify Provisional Language. Modify Provision 1 of Item 5460-301-0001.** Recommend deletion of the phrase “upon approval of the Department of Finance” under Provision 1 because such language has prevented the Youth Authority from producing adequate project cost and scope information in a timely manner.
- G-90 ■ **Projects Recommended for Approval Contingent on Completion of Preliminary Plans.** Recommend approval of \$9.4 million of funding requests for construction of three projects contingent on receipt and review of complete preliminary plans consistent with prior legislative approval.
- G-91 ■ **Delete Funding for Various Projects at Institutions Statewide. Delete a Total of \$8.9 Million Under Item 5460-301-0001 [2], [3], [5], [6], and [9].** Recommend deletion of \$8.9 million from the General Fund requested for five projects at four institutions because inadequate program and planning information is available.
- G-94 ■ **Additional Information Needed.** Withhold recommendation on \$124,000 for preliminary plans to renovate the kitchen at the Northern California Youth Correctional Center pending receipt of information to justify (1) the cost of the project and (2) the need for additional freezer capacity.

Department of Education

- G-95 ■ **Preliminary Plans Not Completed. Delete \$2.1 Million Under Item 6110-301-0001.** Recommend deletion of \$2.1 million for construction of the Pupil Personnel Services facility at the Fremont School for the Deaf because (1) preliminary plans

are not complete and (2) the funds will not be needed in the budget year.

University of California

- G-97 ■ **The University of California (UC) Should Set Campus Goals for Year-Round Operation, and Not Limit Summer Enrollment.** Recommend supplemental report language directing UC to establish five-year goals at each campus for summer enrollment, that such goals be sufficient to accommodate enrollment growth without construction of new instructional facilities to the extent feasible, and that UC not limit summer enrollment.
- G-98 ■ **Berkeley: Stanley Hall Seismic Mitigation. Delete \$2.2 Million From Item 6440-302-0574 (1).** Recommend deletion of \$2.2 million because the research activity in this building is to be relocated to existing campus space and there should be no need to construct replacement space after Stanley Hall is demolished.
- G-99 ■ **San Diego Pharmaceutical Sciences Building. Delete \$1.4 Million From Item 6440-301-0574 (18).** Recommend deletion of \$1.4 million because information provided is insufficient to justify establishment of a new pharmacy school.
- G-100 ■ **Institutes for Science and Innovation: Fresno Medical Center and Heckman International Center for Management. Delete \$148 Million From Items 6440-301-0001.** Recommend deletion of \$148 million for three proposals because there is no information about how the funds proposed would be spent.
- G-101 ■ **Irvine: Natural Sciences Unit 2. Reduce Item 6440-302-0574 (1) by \$2.1 Million.** Recommend reduction of \$2.1 million in the proposal for preliminary plans and working drawings and recognize future construction cost of \$27.9 million because the cost of the project is too high.
- G-102 ■ **Riverside: Biological Sciences Building. Reduce Item 6440-301-0574 (14) by \$150,000.** Recommend reduction of \$150,000 for preliminary plans and recognize future costs of

Analysis

Page

\$669,000 for working drawings and \$13.3 million for construction because the cost of the project is too high.

- G-103 ■ **Riverside: Engineering Building Unit 2. Reduce Item 6440-301-0574 (13) by \$119,000.** Recommend reduction of \$119,000 for preliminary plans and working drawings and recognize future state cost of \$34.3 million because the cost of the project is too high.
- G-104 ■ **Development of UC Merced Campus Slower Than Legislature's Expectations.** Withhold recommendation of \$160.4 million from the General Fund because UC has provided no information about its plans and there is little to indicate UC is moving forward with development in accordance with expectations of the Legislature.
- G-105 ■ **Withhold Recommendation on Davis Veterinary Medicine 3A.** Withhold recommendation on \$3.3 million pending receipt and review of information concerning how the project will be funded and implemented.

California State University

- G-108 ■ **Year-Round Operation (YRO).** Recommend the California State University (CSU) adjust its five-year capital outlay plan to reflect facility needs under YRO.
- G-109 ■ **The "Streamlined" Process.** Recommend the Legislature not fund CSU projects using the streamlined process unless better project information is made available to the Legislature in time to be reviewed and evaluated before budget hearings.
- G-109 ■ **Projects on Which Recommendation Withheld.** Withhold recommendation on \$22.8 million for Fresno: Science Replacement Building; \$25.7 million for Sacramento: Academic Information Resource Center; and \$23.6 million for San Bernardino: Science Building Renovation/Addition, Phase Annex because (1) insufficient information has been provided to define and justify the projects and (2) the projects may not be justified under YRO. Withhold recommendation on Item

Analysis

Page

6610-302-0574 (4), Item 6610-302-0574 (6) and Item 6610-302-0574 (7).

- G-110 ■ **Channel Islands: Science Laboratory Facility. Delete \$10 Million From Item 6610-302-0574 (8).** Recommend deletion because justification for the project has not been provided and the proposal is inconsistent with information that CSU has previously provided in support of establishing the Channel Island campus.
- G-111 ■ **Fullerton: Auditorium/Fine Arts Instructional Facility. Delete \$38.9 Million From Item 6610-302-0574 (5).** Recommend deletion of \$38.9 million because (1) the campus has sufficient amount of instructional space and (2) there are other priority instructional needs throughout higher education.

California Community Colleges

- G-113 ■ **Planning and Studies. Delete \$108,000 from Item 6870-301-0574 (1) and \$205,000 from Item 6870-301-0658 (1).** Recommend deletion of funds for planning and studies because the Chancellor's Office has not substantiated the need for these additional funds.
- G-114 ■ **Preliminary Plans Not Complete.** Recommend deletion of \$64.1 million requested for working drawings and/or construction funds for 20 projects because preliminary plans are not complete.
- G-114 ■ **Withhold Recommendation on 20 New Projects.** Withhold recommendation on \$13.7 million for 20 new projects because information on the projects was not submitted in time for review.

Department of Food and Agriculture

- G-117 ■ **Hawaii Medfly Rearing Facility.** Withhold recommendation pending department's report to the Legislature on the effectiveness of the sterile medfly release program.

Analysis

Page

- G-118 ■ **Relocation: Truckee Agricultural Inspection Station. Delete \$3.5 Million From Item 8570-301-0001 and Augment Item 8570-301-0042(2) by \$3.5 Million.** Recommend deletion of \$3.5 million for construction from the General Fund and augmentation of \$3.5 million from the State Highway Account of the State Transportation Fund because the improvements to be funded by this amount are for the benefit of the state highway system.

Military Department

- G-119 ■ **Projects Recommended for Approval Contingent on Completion of Preliminary Plans.** Recommend approval of \$216,000 from the General Fund for working drawings for two projects at Camp San Luis Obispo contingent on receipt and review of preliminary plans and associated cost estimates.
- G-120 ■ **Facility Survey and Master Plan Phase II. Delete \$545,000 Under Item 8940-301-0001 (2).** Recommend deletion of \$545,000 from the General Fund for the second phase of the department's master plan because the initial phase has not been completed.
- G-120 ■ **Annual Long-Term Capital Improvement Reports Not Submitted. Delete \$893,000 Under Items 8940-301-0001 (1), (3), (6), and (7) and \$36,000 Under Item 8940-301-0001 (1).** Recommend deletion of \$893,000 from the General Fund and \$36,000 of federal funds because (1) the department has not submitted a long-term capital improvement program plan and (2) study funds are not necessary because development of capital outlay proposals is part of the department's operational responsibility.
- G-121 ■ **Military Projects Behind Schedule.** Recommend that the department report to the Legislature prior to budget hearing regarding the status of all currently authorized capital outlay projects with explanation of all schedule delays.

Analysis

Page

Veterans' Home of California Yountville

- G-123 ■ **Insufficient Justification of Cost. Delete \$198,000 Under Item 8940-301-0001 (3).** Recommend the deletion of \$198,000 from the preliminary plans and working drawings to renovate an existing water storage tank and install a new water line because the department has not justified the cost of the project.
- G-124 ■ **No Information on Status of Veteran's Home Cemetery Renovation.** Recommend the department report to the Legislature prior to budget hearings regarding of the status of the Yountville cemetery renovation project and the comprehensive plan for improving the cemetery.

Unallocated Capital Outlay

- G-126 ■ **Unallocated Funds Not Used. Delete \$2 Million Under Item 9860-301-0001.** Recommend deletion of \$2 million from the General Fund for unallocated capital outlay expenditures and reappropriate the unexpended balance from the *2000-01 Budget Act*.

