

CAPITAL OUTLAY SUMMARY

The Budget Bill includes a total of approximately \$183.4 million from all sources for capital outlay. This is 34 percent more than the appropriation included in the Budget Act of 1975. A summary of the distribution of the amounts in the budget is provided in Table 1.

Table 1
Summary of 1976-77 Budget Bill Capital Outlay Appropriations

<i>Organizational Unit</i>	<i>General Fund</i>	<i>Special Fund</i>	<i>Bond Funds</i>	<i>Total All Sources</i>
General Government	\$557,130	—	—	\$557,130
Agriculture and Services	21,774,100	—	—	21,774,100
Business and Transportation	—	\$4,466,631	—	4,466,631
Resources	7,215,917	5,643,000	\$8,182,597	21,041,514
Health and Welfare	10,779,100	255,500	—	11,034,600
Education	—	57,602,900	66,933,600 ^a	124,536,500
Total	<u>\$40,326,247</u>	<u>\$67,968,031</u>	<u>\$75,116,197</u>	<u>\$183,410,475</u>

^a Includes \$34,059,600 from the California Community College Construction Program Bond Act of 1976 which will be presented to the electorate in June 1976.

General Fund

Approximately \$40.3 million or 22 percent of the total proposal is from the General Fund. This is nearly double the General Fund appropriation in the Budget Act of 1975. The major portion of the amount in the Budget Bill for 1976-77 is for the Departments of General Services (\$21.7 million) and Health (\$6.7 million). The remainder is for a series of relatively minor projects in the Departments of Conservation, Parks and Recreation, Water Resources, Corrections and the Youth Authority.

The amount provided for the Department of General Services is mainly for new state office buildings in Sacramento. The Department of Health proposal is related to fire and life safety corrections at the State Hospitals.

Education

Over two-thirds of the proposed capital outlay program is in education. The total of \$124.5 million includes \$19.3 million for the Department of Education, Schools for the Deaf and Blind, Berkeley and \$105.2 million for the segments of higher education. The proposed amount is from special funds and bond funds and represents a 42.5 percent increase above that provided in the Budget Act of 1975. The major differences are indicated in Table 2.

Other Programs

The program for the Department of Parks and Recreation totals nearly \$12.7 million exclusive of General Fund sources. Nearly all of this amount is from the State Beach, Park, Recreational and Historical Facilities Bond Act Program of 1974 (\$6.6 million) and the Collier Park Preservation Fund (\$5.1 million). The remainder is from an assortment of bonds and special funds. Approximately \$2.5 million of the amount from the 1974 Bond Act

Table 2
Capital Outlay—Education
Comparison of Appropriations
Budget Act of 1975 and Budget Bill 1976-77

<i>Segment</i>	<i>Fund</i>	<i>Budget Act of 1975 Amount</i>	<i>Budget Bill for 1976-77 Amount</i>
University of California.....	Health Science Bonds	\$31,040,000	\$32,874,000
University of California.....	Educational fee	6,560,500	—
University of California.....	COPFHE ^a	6,224,000	14,779,000
California State University and Col- leges.....	COPFHE ^a	22,949,000	23,232,000
California Community Colleges.....	Bonds	20,407,400 ^b	34,059,600
Department of Education.....	COPFHE ^a	—	19,300,000
Total.....		\$87,180,900	\$124,244,600

^a Capital Outlay Fund for Public Higher Education.

^b Funded from the Capital Outlay Fund for Public Higher Education.

program is related to historical parks and the balance is for planning or development of other state parks. The amount from the Collier Park Preservation Fund contains 10 proposals totaling \$4.6 million for land acquisition and three projects for park developments.

Appropriation requests from the State Transportation Fund, Motor Vehicle Account total approximately \$4.5 million. This provides nearly \$2.6 million for purchase of (1) communication equipment and (2) leased field offices for the California Highway Patrol. The remaining \$1.9 million is for construction of new field offices and purchase of leased facilities for the Department of Motor Vehicles.

The balance of the capital outlay program is from a variety of special funds and represents a minimal capital expenditure effort. The Department of Fish and Game proposes to use \$1 million from the State Beach, Park, Recreational and Historical Facilities Bond Act Program of 1974 for acquisition of wild trout, steelhead and salmon habitat. Other relatively minor projects are included for the Employment Development Department, Board of Equalization and the Departments of Parks and Recreation and Fish and Game.

Environmental Impact Reports

Section 2100 et seq. of the Public Resources Code created the Environmental Quality Act of 1970. A major requirement of this act is the necessity to prepare an "Environmental Impact Report" (EIR) for projects undertaken in whole or in part by any public agency, including leasing, permits, licensing or other entitlements. With respect to EIR's the act requires:

1. An EIR be prepared, by the responsible state agency, board or commission, for projects which may have a significant effect on the environment. The EIR is to be prepared prior to requesting funds and no state agency, board, or commission shall authorize expenditure of funds, *other than funds appropriated in the Budget Act*, unless an EIR accompanies the request.
2. The responsible state agency must include an EIR as part of *the regular project report* used in the existing review and budgetary

SUMMARY—Continued

process.

3. *The EIR must be available to the Legislature.*
4. Projects involving feasibility or planning studies for possible future actions which are not approved by the responsible agency are exempt from the EIR requirement.

There appears to be a certain degree of confusion regarding the proper time to prepare an EIR. It is unclear if an EIR should be available to the Legislature when funds are requested for acquisition of a site and/or when funds for development of the site are requested. It is our understanding that EIR's are prepared for the Department of Motor Vehicles field offices prior to purchase of a site. However, the EIR is not available to the Legislature prior to appropriation of site acquisition funds. Preparation of the report prior to site acquisition is appropriate, because the state intends to develop the site in a specific manner and, if the development is not compatible with the environment, the state should not purchase the site.

In the case of higher education most requests are related to projects on existing campuses. A recent Superior Court ruling indicates that an EIR must be available to the governing board prior to approval of a project and to the Legislature before funds are appropriated. In effect this would require an EIR for all proposed projects, many of which will not be approved either by the governing board, the state administration or the Legislature for reasons other than environmental concerns. This requirement will result in expenditures of significant amounts for projects which will not be approved. As an example, the cost for development of a simple negative declaration EIR can be as much as \$2,500 and for a complete EIR nearly \$100,000.

We believe EIR's are an important element of the capital development process. However, it is but one part of the process and it must be used in a positive, meaningful manner and in the proper sequence of development in order to provide the desired results in a cost effective mode. It appears to us that an EIR is required at different times in the sequence of capital development depending upon the circumstances. Purchase of a new site to be developed and development of an existing site that is already in progress, are two different situations. We believe the Legislature should reevaluate the requirements of the Environmental Quality Act and where necessary make clarifications to assure consideration of environmental effects, proper planning and cost-effectiveness.

Minor Capital Outlay

We recommend funding all minor capital outlay programs under the capital outlay section of the Budget Bill.

For the past several years minor capital outlay projects (\$100,000 or less per project) have been included in departmental support and operation budgets. Prior to this change, projects were budgeted in the capital outlay section of the Budget Bill.

Projects in this category are essential to provide physical space alterations and improvements to meet current and changing departmental programs. This need has been recognized and funds historically have been

appropriated for this purpose. However, the present method of budgeting minor capital outlay has resulted in inappropriate expenditures of these funds. For example, one department established two new personnel positions utilizing minor capital outlay funds. There are also indications that departments have used these funds for other support budget functions. These expenditures tend to increase the support budget base line amounts resulting in unsubstantiated increases in ongoing support and operations budgets.

Budgeting minor capital outlay in this manner also has resulted in a lack of coordination between major and minor capital outlay proposals. In one case, a department has requested minor capital improvements for buildings which have been approved for replacement under the major capital program. In other cases departments have requested minor capital funds for items deleted from major capital request because (1) the department did not consider the item essential for the major project and/or (2) it was not supported by the administration or the Legislature in the major capital request.

In view of these difficulties, we believe it is appropriate to return to funding minor capital outlay as an item in the capital outlay section of the Budget Bill. This will (1) provide the appropriate level of review by the administration and the Legislature, (2) assure that necessary capital improvements will be accomplished as intended and (3) prevent unsubstantiated increases in support budgets.

STATE BOARD OF EQUALIZATION

Item 371 from the General Fund

Budget p. 118

Requested 1976-77	\$235,130
Recommendation pending	235,130

ANALYSIS AND RECOMMENDATIONS

(a) Purchase leased facility—Covina \$235,130

We withhold recommendation pending further information.

This building is a build-to-suit leased facility with options to purchase. It consists of 7,800 square feet for up to 55 employees and public service areas. The building is sited on approximately one-half acre in an area designated the "Civic Center" in downtown Covina. The requested amount reflects the purchase price as required in the contract. It does not provide funds for acquisition services provided by the Real Estate Services Division, Department of General Services. The funding of this project is unclear and we withhold recommendation pending further information.

UNALLOCATED CAPITAL OUTLAY

Item 372 from the General
Fund

Budget p. 193

Requested 1976-77	\$150,000
Recommended approval	\$150,000

ANALYSIS AND RECOMMENDATIONS

This item provides for preliminary plans for projects proposed to be funded from the General Fund in 1977-78. Allocations are proposed by the Department of Finance.

Based on 1½ percent for preliminary planning, the proposed amount would provide for approximately \$10 million in construction cost. A program of this magnitude appears reasonable.

DEPARTMENT OF GENERAL SERVICES

Item 373 from the General
Fund

Budget p. 322

Requested 1976-77	\$21,774,100
Recommended approval	3,419,100
Recommended reduction	17,216,000
Recommendation pending	\$1,139,000

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

1. *State Office Buildings, Sacramento. Reduce by \$16,121,000. Recommend deletion of site acquisition and construction funds.* 943
2. *Department of Justice Building, Sacramento. Reduce by \$60,000. Recommend deletion of management fees and providing for working drawings for the computer center.* 945
3. *Department of Justice Building, Sacramento. Recommend facility be provided under state funded capital outlay program and located on state-owned property.* 946
4. *Department of Justice Building, Sacramento. Recommend Department of Justice reevaluate records keeping program.* 946
5. *Records Center, West Sacramento. Reduce by \$900,000. Recommend deletion of purchase of records center and adjacent land.* 947
6. *State Compensation Insurance Fund Building, San Francisco. Withhold recommendation pending further information.* 948
7. *State Building alterations, San Francisco. Withhold recommendation pending further information.* 948
8. *Statewide. Reduce by \$135,000. Recommend deletion of* 948

planning funds.

9. *Central Control Monitoring System.* Recommend utilizing 948
\$15,000 of planning funds to design central control monitoring system for Central Heating and Cooling Plant, Sacramento.

ANALYSIS AND RECOMMENDATIONS

The Department of General Services is requesting a total of eight projects. A list of these projects and our recommendations for each is provided in Table 1.

Table 1
Department of General Services
Proposed 1976-77 Capital Outlay Program

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Location</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
373(a)	New State Building (Site No. 1)	apwc	Sacramento	\$17,156,500	\$1,035,500
373(b)	New State Building (Site No. 2)	p	Sacramento	542,600	542,600
373(c)	Central Plant—Second Well	c	Sacramento	1,386,000	1,386,000
373(d)	New Department of Justice Building	p	Sacramento	500,000	440,000
373(e)	Purchase Records Center and adjacent land	a1	West Sacramento	900,000	0
373(f)	Alterations—State Compensation Insurance Fund Building	c	San Francisco	939,000	Pending
373(g)	Alterations—State Building	c	San Francisco	200,000	Pending
373(h)	Planning	p	Statewide	150,000	15,000
TOTAL				\$21,774,100	\$3,419,100

^a Phase symbol indicates: a-land acquisition; p-preliminary planning; w-working drawings; c-construction; 1-purchase of lease facility.

A discussion of each project and our recommendations is provided in the following discussion.

Sacramento

We recommend a reduction of \$16,121,000 in Item 373(a), New Office Building, Site No. 1, to delete site acquisition and construction funds.

The need for state office space in Sacramento is apparent. As of November 1975, the state was leasing 1.8 million net square feet (nsf) in the Sacramento Metropolitan Area at an annual cost of \$8.3 million. In addition, the department has indicated that there is a continuing backlog of requests for space totaling approximately 200,000 nsf. The cost to lease space near downtown Sacramento is increasing and now averages approximately 60 cents per nsf per month.

The department is proposing two new state office buildings in Sacramento. The proposed buildings would provide a total of 614,000 gross

DEPARTMENT OF GENERAL SERVICES—Continued

square feet (gsf) which should result in a minimum of 490,000 nsf of usable space. We concur with the need for this space. However, adequate construction planning has not been accomplished and the request for construction funds for Site No. 1 is premature. The planning for these projects is in the conceptual stage and preliminary plans have not been started. Before design drawings can be prepared items such as environmental impact reports, acoustical studies, energy conservation studies, and building life cycle studies must be accomplished. To complete these items plus working drawings will probably require a minimum of 18 months. Therefore, construction funds could not be used before fiscal year 1977-78. In addition, because these are in this early planning phase, the estimated construction cost cannot be considered accurate.

The building for Site No. 1 is proposed to be a four-story structure containing 338,600 gsf with depressed parking underneath for 150 cars. The location for this building is proposed in the block bounded by 7th, 8th, N and O Streets. The building on Site No. 2 is proposed as a high rise building consisting of 275,400 gsf. A location for this building has not been determined. However, there is some indication that the department is considering a land exchange with the City of Sacramento. Any such exchange should be reviewed and approved by the Legislature.

Existing State-Owned Sites Should be Utilized

Site No. 1 would require a payment of \$544,199 to the Disability Insurance Fund and Department of Employment Contingent Fund plus a potential \$31,804 to the federal government for possible equity in the existing parking lot. This item contains \$544,200 for purchase of this site. Because the state owns many parcels within the Capitol area plan we see no reason why the development of a new building must be located on a site requiring additional funding. It should be noted that the department requested \$50,000 in 1975 for purchase of a parcel in the block bounded by 11th, 12th, P and Q Streets. This amount was appropriated because the department indicated that this block was the most desirable for development of the next state office building. In any case, we believe the department should locate the new building on a state property which will not require additional funding.

Life Cycle Analysis

The estimates for both new buildings include costs for life cycle analysis consulting fees. This will be used to determine how the buildings will most properly meet the state's program needs based on total life cost considerations. In some cases this may mean that the less expensive initial cost item may not be selected. Rather, items will be selected based on an analysis of initial costs coupled with operating cost over the full period of occupancy of the facility. This analysis will be particularly important as it relates to energy conservation. We believe this represents a proper method of planning and should be incorporated in the procedures for design of most state buildings.

Central Plant-Second Well, Sacramento

We recommend approval.

This proposal will provide for additional condensing water for the central plant air-conditioning system. The need for the additional well was substantiated in a consulting engineer's report which indicated that without the additional well water the central plant air-conditioning system could only reach 66 percent of the existing capacity. Because of this low-capacity condition, it has been necessary for the Department of General Services to cycle air conditioning to state buildings off and on in order to maintain a reasonable temperature level within all state buildings. The addition of this well will solve that problem as well as enable the central plant air-conditioning system to serve anticipated future buildings.

Department of Justice Building—Sacramento

We recommend a reduction of \$60,000 in Item 373(d), planning, Department of Justice building, by eliminating the Office of the State Architect management fees and providing for working drawings for a computer center.

This proposal is for initial planning funds for a new building to house the Department of Justice in Sacramento. It is anticipated that the building will consist of approximately 60 percent office/industrial space and 40 percent laboratories and specialized use areas. Although there is no information concerning the size, design or location of the facilities, the Department of General Services anticipates a building cost of approximately \$15 million. The new facility would house the special records storage and system elements, crime laboratories, retrieval systems and computer center which are currently located in a large lease building. Additional elements located in other state space or lease space may be included in the building.

The proposed \$500,000 includes funds for programing, development of an Environmental Impact Report, design development fees and Office of State Architect project management fees. The Office of the State Architect fees total \$100,000 and is for management for the life of the project (approximately three years). The services provided under these fees include comprehensive checking and review of the working drawings and monitoring during construction. This \$100,000 is premature and should not be funded at this time.

Computer Center Planning. The existing building housing the department is completely inadequate and the computer area is possibly the most inadequate. In addition, new requirements are being developed for computer equipment for the department. Based on information available, it is apparent that a computer center of approximately 10,000 gross square feet will be necessary to house the new equipment. Because this equipment will be available and ready for installation in late fall 1978, it is essential that new space also be available at that time. To accomplish this, a separate computer facility can be provided and the remaining facilities constructed later. The computer center could be located to enable construction of the remaining facilities without disturbing the center's operation and also provide the necessary security both during construction and

DEPARTMENT OF GENERAL SERVICES—Continued

upon completion of the entire facility. Under this proposal, construction funds for the center could be provided in 1977, resulting in a fall 1978 occupancy date. The remaining facilities could be occupied approximately one year later. To implement this, working drawing funds in the amount of \$40,000 should be provided in the budget year. Thus, \$60,000 of the proposed OSA fees should be deleted.

Project Planning

We recommend that the Department of General Services plan the Department of Justice building proposal as a state funded capital outlay project to be located on state-owned property.

It is our understanding that the Department of General Services anticipates providing the proposed building as a lease-purchase contract. This method of providing for state office space is more expensive than the state capital outlay program. This added expense is the result of paying the lessor profit for construction of the building plus a profit during the lease period of the agreement. In addition, the building is owned and constructed by the lessor and as such the state loses some control over the quality and resultant maintenance costs for the building. Also, the Department of General Services anticipates locating this building on a nonstate-owned site. This would require the state to pay the cost of the site plus profit.

The California Highway Patrol will be vacating the existing academy, located on Meadowview Road, Sacramento, in the spring and summer of 1976. The major portion of this site will be surplus to the needs of the California Highway Patrol and available for state use. We suggest that the Department of General Services use this site for construction of any new buildings for the Department of Justice.

Reevaluate Records Keeping Program

We recommend that the Department of Justice reevaluate (1) the method used for storing records and (2) potential changes in record storage requirements and report to the Joint Legislative Budget Committee by October 1, 1976.

One of the major reasons for a new building is because of the extensive records and storage requirements of the Department of Justice. At the present time the department is undertaking a program to purge and eliminate some unnecessary records. However, there will still be massive records if the department does not (1) modify its methods of storing or (2) change its requirements for maintaining records. We suggest that the department evaluate (1) the code requirements for storage of records, (2) critical needs for records, and (3) potential for utilizing federal government records and disbanding a portion of the state record system. If the department is to maintain existing or modified record storage we would also suggest that the department evaluate other methods such as microfiche, various methods of automation, etc.

We recommend that the Department of Justice provide the Joint Legislative Budget Committee with a report if its findings on the record systems, by October 1, 1976. Until this report is completed and reviewed, the requested planning funds other than the computer center, should not be expended.

Records Center and Adjacent Land—West Sacramento

We recommend deletion of Item 373(e), purchase records center and adjacent land, West Sacramento, a reduction of \$900,000.

The proposal concerning the Department of General Services Record Center in West Sacramento is separable into two parts. One portion is for the purchase of the 80,500 square foot records center currently leased by the state at an annual rate of \$70,367. The second portion is a proposal to purchase 168,800 square feet of property adjacent to the records center.

The existing lease facility houses semi-active state records in a storage capacity of 339,400 cubic feet. Currently, there are 291,682 cubic feet of records in storage, leaving an approximate 16 percent growth factor. At the anticipated annual growth rate, the current building will be at storage capacity in two years. Thus, additional facilities will be required if the projected growth rate is realized. However, we believe the department should seek innovative methods for record storing in order to maximize the available space. For example recent changes in the criteria for determining which records are to be stored and for how long resulted in decreasing the number of records stored. We support this type of activity and encourage the Department of General Services and other departments to continue to reevaluate the criteria for maintaining records in storage.

The terms of the lease agreement for this facility provide the state an option to purchase the property at the end of the tenth and fifteenth year. The first opportunity the state will have to purchase the property is August 1, 1977. The purchase price per the lease agreement is \$673,636. However, because the state cannot purchase the property prior to August 1977, it would be improvident to provide funds in the current fiscal year which cannot be expended before the following fiscal year. Therefore, we recommend that this request be deferred until the 1977-78 fiscal year.

The second portion of the request concerning the records center is the purchase of approximately four acres adjacent to the leased facility. The existing facility is located on a site of adequate size to allow building expansion to meet foreseeable storage needs. However, there is apparently a tract restriction which does not allow building on more than 50 percent of the land occupied. It is our understanding that the state is not required to adhere to such restrictions. In most cases, we believe the state should make every attempt to adhere to local development requirements. However, in this case we question the desirability of utilizing only 50 percent of the land base in an industrial park development area. In the present circumstance, such a restriction does not represent appropriate land use and the state should not participate in obvious underutilization of the available land base. Moreover, failure to adhere would not create any undesirable environmental features such as may have provided the basis for the restriction. Therefore, we propose (1) deletion of the requested \$200,000 for purchase of this site and (2) future space needs be met by an addition to the existing facility.

In addition, the requested \$200,000 includes approximately \$31,000 for

DEPARTMENT OF GENERAL SERVICES—Continued

administrative costs associated with site acquisition. Such costs generally do not exceed 4 percent of the purchase price. Because no justification is available to support a higher need, we believe the administrative costs should be \$6,500. Therefore, if the site is to be purchased the requested amount should be reduced to \$175,500.

San Francisco

We withhold recommendation of Item 373(f), alterations State Compensation Insurance Fund Building and Item 373(g), alterations, State Building, pending further information.

The state has recently purchased the State Compensation Insurance Fund Building in San Francisco. The State Fire Marshal has identified several items with regard to fire and life safety that should be corrected. However, we have no information to indicate that this proposal will correct all deficiencies or if it will provide other modifications. Therefore, we cannot recommend approval of the project or the adequacy of the funds.

The request for alterations to the state building in San Francisco appears to be a project that was financed to some extent through the support budget of the Judicial Department. It is unclear what work was previously accomplished or what will be accomplished under this project. Therefore, the need or adequacy of the requested funds cannot be determined.

Statewide Planning

We recommend a reduction of \$135,000 from Item 373(h), in statewide planning funds.

We have received no information concerning this request. Therefore, we have no basis to recommend it. However, there is an apparent need for planning which we discuss below and in the support portion of the department's budget (Item 163).

Central Control Monitoring System

We recommend utilizing \$15,000 in planning funds to design an automated central control monitoring system for the Central Heating and Cooling Plant, Sacramento.

The department has requested \$97,000 in minor capital outlay (Item 163) for installation of a partial control system to monitor only air-conditioning systems in Sacramento state buildings. This proposed effort would result in some savings in energy consumption and labor. However, in order to utilize the central plant fully and to maximize savings in energy and labor an automated system should be provided.

Such a system would monitor all energy systems in state buildings and provide control from the central plant. Under the existing procedure systems are not monitored and require manual adjustments at each building. To do this properly a fully automated system should be designed and installed rather than the current method. Planning funds in the amount of \$15,000 should be adequate for this proposal.

An example of potential savings can be found in a proposal of the University of California. At the Davis campus a central control system ultimately costing \$1.2 million is anticipated to result in annual savings, at

today's costs, of \$195,000 in energy and \$60,000 in labor. Assuming an interest rate of 7 percent this savings would pay for the cost of the project in six years.

DEPARTMENT OF VETERANS AFFAIRS

Item 374 from the General Fund

Budget p. 375

Requested 1976-77	\$416,250
Recommend approval	\$141,250
Recommendation pending	\$275,000

SUMMARY OF RECOMMENDATIONS

Analysis page

- 1. Yountville. Recommendation withheld on modification to sewage treatment plant pending submittal of budget documents. 949

ANALYSIS AND RECOMMENDATIONS

- (a) Modifications to sewage treatment plant \$275,000

We withhold recommendation pending further determination of the scope and cost for this project.

The City of Yountville and the Department of Veterans Affairs located in Yountville are required to meet standards for effluent discharge from their respective sewage treatment facilities. These standards and the date for compliance are established by the Regional Water Quality Control Board.

To date, a design to meet compliance has not been selected. There are several solutions possible which need to be evaluated. We are concerned that the Department of Finance significantly reduced the department's request and no project details have been provided. Therefore, we withhold recommendation.

- (b) Air condition surgical suite \$141,250

We recommend approval.

This project provides temperature and humidity control for the surgical suite which the existing mechanical system does not provide.

DEPARTMENT OF TRANSPORTATION

Item 375 from the State Environmental Protection Fund

Budget p. 432

Requested 1976-77	\$75,000
Recommended approval	\$75,000

ANALYSIS AND RECOMMENDATION

We recommend approval.

Chapter 779, Statutes of 1970, created the California Environmental Protection Fund to receive the revenue from the sale of personalized license plates. Revenues from the fund beyond those used to defray the cost of administering the program are available for appropriation by the Legislature. This item will be used by the department for the development of vista lookouts along scenic highways, with sites to be selected by the Scenic Highways Committee.

DEPARTMENT OF TRANSPORTATION

Item 376 from Federal Funds deposited in State Highway Account

Budget p. 397

Requested 1976-77	\$14,000,000
Recommended approval	14,000,000

ANALYSIS AND RECOMMENDATION

We recommend approval.

Chapter 1470, Statutes of 1974, requires that the Legislature must appropriate specified federal funds received pursuant to the Federal Highway Act of 1973 by the Department of Transportation and deposited in the State Highway Account. This item, together with \$14 million provided in Item 205 will provide federal funding for various highway safety improvements which are administered by the department.

CALIFORNIA HIGHWAY PATROL

Item 377 from the Motor Vehicle Account, State Transportation Fund

Budget p. 511

Requested 1976-77	\$2,590,895
Recommended approval	1,202,493
Recommended reduction	81,055
Recommendation pending	1,307,347

SUMMARY OF RECOMMENDATIONS	<i>Analysis page</i>
1. Leasing of Field Offices. Recommend all leases be submitted for review by the Joint Legislative Budget Committee.	951
2. <i>Statewide Communications. Reduce equipment by \$71,055.</i> Withhold recommendation on \$322,872 for state microwave system equipment.	952
3. <i>Statewide Construction Program Planning. Reduce \$10,000.</i> Recommend deletion of construction program planning funds.	953
4. Los Angeles Communications Center. Withhold recommendation on construction of new facility.	953

ANALYSIS AND RECOMMENDATIONS

Motor Vehicle Account

The Motor Vehicle Account, State Transportation Fund provides funds for support and capital outlay for the California Highway Patrol (CHP) as well as several other departments and entities.

The revenues to this account are declining, while expenditures have continued to show substantial growth. If this trend continues there will no longer be a surplus of funds, but rather a shortage. This situation could occur next year. When it occurs, it is reasonable to assume that major capital expenditures will be deferred in favor of maintaining operating budgets. For this reason we believe it is inappropriate to initiate new projects without assurance that funding to complete them will be available. Therefore, we recommend there be no new capital outlay starts until the account is solvent.

Further discussion of this situation is presented under Item 211 and Item 378, page 955.

Leasing of Field Offices

We recommend all new and renegotiated leases be submitted to the Joint Legislative Budget Committee for review 30 days prior to execution.

Because of a potential shortage of funds in the Motor Vehicle Account, we recommended there be no new starts. In the interim, while the fiscal condition of the account is being resolved, the leasing of new space should be carefully reviewed.

When funds are scarce there is a tendency for agencies to lease rather

CALIFORNIA HIGHWAY PATROL—Continued

than build because a major portion of the large initial construction cost can be deferred to future years. However, the state pays much more for the space during the life of the lease. Therefore, we recommend a review of all new and renegotiated leases by the Joint Legislative Budget Committee to determine critical need. Information regarding all costs and terms should be provided. In addition, an analysis of the impact upon the CHP account for funding leased space should be furnished.

The CHP should strive to minimize establishing new leases. This will permit the CHP to initiate new capital outlay requests when the Motor Vehicle Account is more solvent, because the CHP will not be committed to new long-term leases.

Proposed 1975-76 Capital Outlay Program

The California Highway Patrol capital outlay request is for:

	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	
		<i>Approval</i>	<i>Reduction</i>
A. Communications Program			
1. replacement equipment	\$682,272	\$359,400 ^a	—
2. expansion of radio and microwave systems	351,720	304,665	(\$-47,055)
3. construction of communications facilities	167,000	143,000	(-24,000)
	\$1,200,992	\$807,065	(\$-71,055)
B. Construction Program Planning	10,000	—	(\$-10,000)
C. Construction funds for the Los Angeles Communica- tions Center	984,475	^b	—
D. Purchase of leased facilities	395,428	395,428	—
Total	\$2,590,895	\$1,202,493	(\$-81,055)

^a \$322,872 recommendation pending.

^b \$984,475 recommendation pending.

(a) Communications Program \$1,200,992

We recommend a total reduction of \$71,055 and withhold recommendation on items for the statewide microwave system equipment totaling \$322,872.

1. *Replacement equipment \$682,272.* General Services' Communications Division has established a replacement schedule for equipment based on expected equipment life. Using this schedule, 22 radio stations (42 MHz), 19 radio receivers and seven dispatch consoles are to be replaced.

The budgeted request for the seven dispatch consoles totals \$359,400 and is for a new San Francisco Communications Center (SFCC). These new consoles were to free up the consoles currently used at San Francisco for placement elsewhere. However, the SFCC is not now proposed and the department has revised its request to include eight less sophisticated consoles for installation where equipment meets the criteria for replacement. The eight less sophisticated consoles are anticipated to cost the same as the seven originally included in the budget. These consoles are to be located as follows:

- 1. Bakersfield
- 2. Merced
- 3. El Centro
- 4. Indio
- 5. Bishop
- 6. Humboldt
- 7. Susanville
- 8. Ukiah

We recommend approval.

We withhold our recommendation on the remaining \$322,872, as it pertains to equipment and charges for the state microwave system, pending determination of whether or not the Communications Division of the Department of General Services assumes ownership of the state microwave system.

2. Expansion of Radio and Microwave systems, \$351,720.

Included in this request are 26 multiplex terminals, eight radio stations, 12 radio frequency terminals, two terminals (960 MHz), two radio receivers, one dual cavity resonator, one crystal filter and seven 10-channel tape recorders.

One additional console and 10-channel tape recorder is requested for instructional use at the new academy. We have reviewed this request along with additional information submitted. However, we believe this request has not been adequately substantiated. Therefore, we recommend a reduction of \$47,055.

3. Construction of Communications Facilities, \$167,000.

This request for new equipment consists of six chain link fences, six propane tanks, six auxiliary generators, four radio vaults and six towers.

In addition, items proposed for upgrading include two radio vaults and one tower. Associated with this upgrading is the request for four auxiliary generators of substantially increased capacity. Because the existing generators are adequate to provide emergency electrical power we recommend deletion of this portion of the request for a reduction of \$24,000.

(b) Construction Program Planning..... \$10,000

We recommend deletion.

These funds are requested to provide the CHP money to prepare plans and budget packages for new facilities.

In conjunction with our recommendation that there be no new starts, there will be no requirement for additional funds to prepare budget packages beyond the funds currently available.

(c) Los Angeles Communications Center Construction \$984,457

We withhold our recommendation until additional information is available.

The Los Angeles Communications Center will provide space to operate a consolidated dispatch center for the Los Angeles area. The existing facility on Vermont Street in Los Angeles provides space for both a zone operation and the communications center. To consolidate the communications center and provide the needed additional space for Zone V requires either a building addition or a separate facility be provided.

The Budget Act of 1974 provided working drawings for an addition to the existing building. The Budget Act of 1975 provided an additional \$26,000 for working drawings with supplementary language permitting alternate solutions to be evaluated.

At this writing a presentation of the alternatives and their cost effective-

CALIFORNIA HIGHWAY PATROL—Continued

ness has not been fully developed. Therefore, we withhold our recommendation for construction funds as they are not based upon a design solution with a cost estimate.

Environmental Impact Report Compliance. An environmental impact report (EIR) has not been prepared for this project. In accordance with the California Environmental Quality Act, funds should be withheld until such a report is prepared and reviewed.

(d) Purchase leased facility—Bridgeport	\$70,700
(e) Purchase leased facility—Indio	\$90,900
(f) Purchase leased facility—Victorville	<u>\$233,828</u>
Total	\$395,428

We recommend approval.

The three facilities listed above were constructed for the state under lease with option to purchase agreements. These agreements can be exercised in fiscal year 1976-77 for \$395,428. To defer purchase for one year would result in an additional cost of \$73,589.

DEPARTMENT OF MOTOR VEHICLES

Item 378 from the Motor Vehicle Account, State Transportation Fund

Budget p. 529

Requested 1976-77	\$1,875,736
Recommended approval	214,436
Recommended reduction	10,000
Recommendation pending	<u>1,651,300</u>

SUMMARY OF RECOMMENDATIONS

	<i>Analysis page</i>
1. Statewide Site Acquisition. Recommend reversion of \$4,738,000 for site acquisition and initiation of no new facilities pending resolution of funding.	958
2. Leasing of Field Offices. Recommend leases be submitted to Joint Legislative Budget Committee for review during the 1976-77 fiscal year.	958
3. <i>Project Planning Statewide. Reduce by \$10,000.</i> Recommend deletion of project planning funds.	959
4. Simi Valley/Thousand Oaks. Withhold recommendation of \$951,300 project pending submission of plans and estimates.	959
5. Capitola. Withhold recommendation of \$700,000 project pending submission of plans and estimates.	959

ANALYSIS AND RECOMMENDATIONS

The Department of Motor Vehicles is funded from the Motor Vehicle Account, State Transportation Fund as are many other departments and entities. Historically, these departments and entities have not required the use of the total fund and the resulting surplus has been transferred to the State Highway Account, State Transportation Fund.

Current experience and projections indicate that this is changing. The revenue to the Motor Vehicle Account, State Transportation Fund is projected to decline. This, combined with increases required, requested and projected by the departments and entities reduces the amount available for transfer to the State Highway Account, as summarized in Table 1.

Figure 1 is a graph illustrating the Motor Vehicle Account's revenues and support expenditures presented in the form of an index. By setting fiscal year 1972-73 as the base year, the index shows the relative increase or decrease from the base year. For example, the Department of Motor Vehicle support expenditures increased 60.1 percent in four years. The California Highway Patrol support expenditures increased 37.8 percent and all other expenditures increased 42 percent.

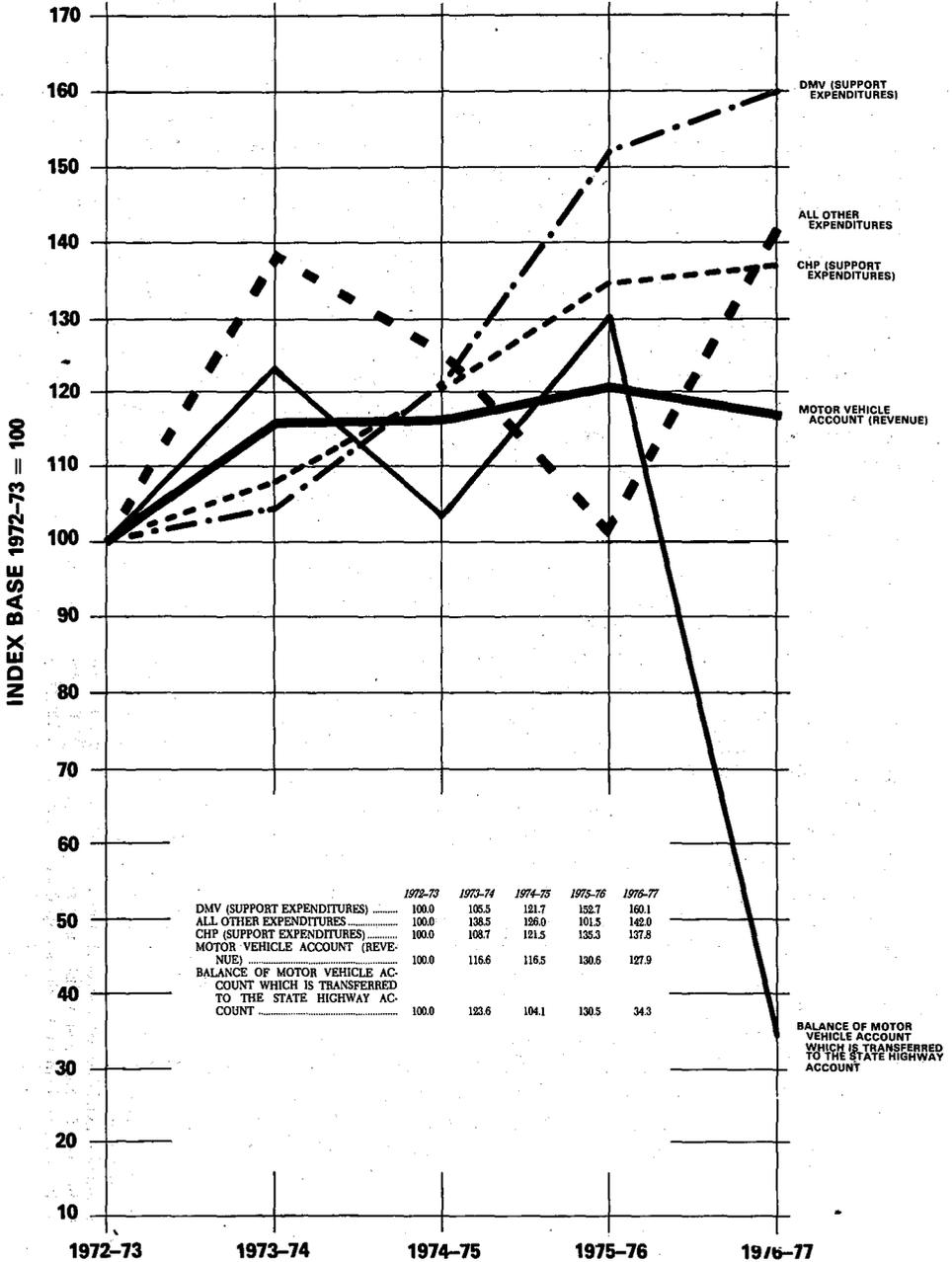
These rates of increase compare to the slower growth of the revenue to the Motor Vehicle Account of only 27.9 percent. And last of all, the balance of the Motor Vehicle Account which is transferred to the State Highway Account has declined 65.7 percent to an index of 34.3.

Table 1
Motor Vehicle Account, State Transportation Fund
Revenues and Expenditures

<i>Revenue</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>	<i>Estimated 1975-76</i>	<i>Projected 1976-77</i>
Motor Vehicle Account	\$296,225,000	\$345,425,000	\$345,300,000	\$387,000,000	\$379,000,000
Accumulated Surplus Plus other Revenue.....	37,638,790	42,448,119	49,454,639	54,590,013	23,121,749
Total Resources	\$333,863,790	\$387,873,119	\$394,754,639	\$441,590,013	\$402,121,749
<i>Support</i>					
Department of Motor Vehicles	67,711,153	71,425,836	82,411,799	103,414,744	108,396,106
Capital Outlay	5,250,693	3,892,973	1,837,353	11,301,104	1,875,736
California Highway Patrol	138,699,717	150,764,336	168,503,794	187,686,956	191,112,888
Capital Outlay	2,753,084	9,448,669	3,986,749	7,278,776	2,590,895
Department of Justice	2,981,294	3,357,493	3,951,880	4,952,326	5,393,378
Air Resources Board	4,476,017	5,527,035	5,535,129	8,333,967	11,161,725
Air Resources Board Local Assistance	—	—	—	2,300,000	2,038,000
Others and Miscellaneous ^a	895,748	3,053,145	1,167,922	790,391	663,648
Held in Reserves ^b	38,296,084	50,403,632	52,360,013	20,531,749	53,889,373 ^c
Transferred to State Highway Account	72,800,000	90,000,000	75,000,000	95,000,000	25,000,000
^a Others and Miscellaneous					
1. State Transportation Board					
2. State Highway Users Tax Study Commission					
3. Judicial Council					
4. Department of Health					
5. Board of Control					
6. Office of Transportation, Planning and Research					
7. University of California, Air Pollution Research					
8. Tort Liability Claims					
9. Teale Consolidated Data Center					
10. Bureau of Automotive Repair					
^b Accumulated Surplus.					
^c This figure includes:					
1. Surplus available for appropriation	\$11,038,695				
2. Reserve for Salary and TEC increase	20,000,000				
3. Reserve for loan to Air Resources Board.....	22,850,678				

FIGURE 1
INDEX OF THE MOTOR VEHICLE ACCOUNT,
REVENUES AND SUPPORT EXPENDITURES

INDEX BASE 1972-73 = 100



DEPARTMENT OF MOTOR VEHICLES—Continued**Inadequate Funds for Development of Previously Approved Site Acquisition**

We recommend that (1) \$4,738,000 appropriated in the Budget Act of 1975 for site acquisition be reverted and (2) no new facilities be initiated pending resolution of the fiscal condition of the Motor Vehicle Account, State Transportation Fund.

With the tight fiscal condition, the impact upon the department's capital outlay program becomes significant. Last year, funds for land acquisition and working drawings for 15 new field offices were budgeted in the amount of \$4,738,000. These sites have not been purchased pending development of new field office criteria as required by language in the Budget Act of 1975. To construct buildings on these sites would require an appropriation of approximately \$10 million. However, it is uncertain whether funds of this magnitude will be available for capital outlay in the future. As shown in Figure 1, if expenditures from the Motor Vehicle Account continue to increase faster than the revenue, the amount transferred to the State Highway Account will continue to decline to zero. At that time, unless revenues increase substantially, there will be a shortage of funds to support fully both operating and capital outlay needs. We believe there is a possibility of this occurring in 1977-78. In our opinion, it is not appropriate to purchase property or develop construction documents with the uncertain future ability to follow through with needed construction funds.

Leasing of Field Offices

We recommend that all new and renegotiated leases be submitted to the Joint Legislative Budget Committee for review 30 days prior to execution for the 1976-77 fiscal year.

In the past, the state leased facilities for Department of Motor Vehicles (DMV) field offices. The DMV subsequently established a policy to build state-owned facilities rather than continuing to lease. We endorse this approach when adequate funds are available because, in the long run, state-owned facilities provide the most economical solution to space needs. In the short run, leasing minimizes the outlay required each year for a facility. However, when the amount paid each year throughout the life of the lease is considered, the total cost is greater. If a moratorium is placed on construction of new facilities because of the high initial outlay required, there will be increased pressure to lease new facilities. The DMV should minimize new long-term leases. This will permit it to initiate new capital outlay requests when the Motor Vehicle Account's condition is more solvent.

We recommend a review of all new and renegotiated leases by the Joint Legislative Budget Committee for the 1976-77 fiscal year during this critical period. Information should be provided indicating all costs and terms of the proposed leases. In addition, an analysis of the impact upon the DMV's lease expenses account should be furnished.

Proposed 1976-77 Capital Outlay Program

1. Planning

- (a) Project planning \$10,000

We recommend deletion.

In conjunction with our recommendation that there be no new starts, there will be no requirement for additional funds to prepare future plans and estimates beyond the funds currently available. Hence, we recommend deletion.

2. Construction of new field offices

- (b) Office building and parking facilities—Simi Valley/
Thousand Oaks \$951,300

We withhold recommendation pending development of working drawings (\$951,300) and submission of plans and estimates.

As of this writing a site has been selected by DMV but acquisition has not progressed beyond seeking approval of the City of Thousand Oaks. Preliminary plans and working drawings are still to be developed. Therefore, we do not have adequate information to recommend an appropriate level of funding. The department should expedite site acquisition and planning for this project so that the necessary information can be developed and available during budget hearings.

Environmental Impact Report Compliance. An Environmental Impact Report has not been prepared for this project. In accordance with the California Environmental Quality Act, funds should be withheld until such a report is prepared and reviewed.

- (c) Office building and parking facilities—Capitola (Santa Cruz) \$700,000

We withhold recommendation of \$700,000 project pending submission of plans and estimates.

This project for construction of a new facility is proposed without complete budget information. Without adequate documents and cost estimates we withhold our recommendation.

Environmental Impact Report Compliance. An Environmental Impact Report has not been prepared for this project. In accordance with the California Environmental Quality Act, funds should be withheld until such a report is prepared and reviewed.

3. Purchase of leased facilities

- (d) Purchase lease facility—Turlock..... \$88,436
- (e) Purchase lease facility—Hollister 126,000

We recommend approval.

These two facilities were constructed for the state under lease/purchase agreements. These agreements were written for 15 years with options to purchase as early as the second year and with the right to terminate after the tenth year.

The total cost to purchase these facilities this year is \$214,466. To defer purchase for one year would require an additional cost of \$26,340, and to lease for the total 15 years would require \$355,320. Hence, it would be prudent to purchase these facilities this year.

DEPARTMENT OF CONSERVATION—DIVISION OF FORESTRY

Item 379 from the General
Fund

Budget p. 582

Requested 1976-77	\$1,929,841
Recommended approval	43,800
Recommended reduction	5,000
Recommendation pending	1,882,041
Recommended augmentation	30,000
Net recommended approval	77,800

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

1. *Hollister. Augment \$30,000.* Recommend an augmentation to provide funds for working drawings and soils report. 960
2. *Shasta Bear Lookout. Reduce \$5,000.* Recommend deletion of request to acquire lookout. 960
3. *Statewide.* Recommend approval of site acquisition—opportunity purchases with funds limited to one year only plus clarifying language. 961
4. *Fire Stations.* Withhold recommendation of \$1,585,553 pending determination of scope of projects. 961
5. *Fire Stations.* Withhold recommendation of \$296,488 pending submittal of budget documents. 962

ANALYSIS AND RECOMMENDATIONS

- (a) Site acquisition—Hollister \$28,000

We recommend an augmentation of \$30,000 to provide funds for working drawings and soils report.

This proposal is for the purchase of a new site in order to relocate the Hollister Fire Station. The current station is located downtown on leased city park property. The downtown location requires the fire trucks and equipment to be driven through city traffic to provide wildland fire protection. In addition, the lease is due to expire and the city desires to expand its park system. For these reasons and because the facility is quite old, we recommend approval of the project.

To facilitate the capital outlay process we recommend an augmentation of \$30,000 for working drawings (\$28,750) and a soils report (\$1,250). This will permit the development of contract documents and provide an accurate estimate for the appropriation of construction funds. In addition, construction could be initiated immediately after Budget Act approval in July 1977.

- (b) Site acquisition—Shasta Bear Lookout \$5,000

We recommend deletion in the amount of \$5,000.

The Division of Forestry requests \$5,000 to purchase the Shasta Bear Lookout. Forestry has occupied this lookout without charge for the past 41 years with the owner's permission. The owner is deceased and the property is currently in probate.

We recommend disapproval of the request at this time because (1)

ownership of the property has not been resolved, (2) an agreed price has not been determined and (3) the project has not been reviewed and evaluated by the Real Estate Services Section of the Department of General Services.

(c) Site acquisition—opportunity purchase \$5,000

We recommend approval with availability of funds limited to 1976-77 only. We further recommend supplemental report language clarifying the intended use of these funds.

The Budget Act of 1974 provided \$5,000 for unspecified site acquisitions in order to permit flexibility to purchase small parcels of land that become available on an unexpected or "opportunity purchase" basis. The Budget Act of 1975, provided an additional \$5,000 for the same purpose. This year an additional \$5,000 is requested.

Because capital outlay funds have a three-year availability, this permits a potential accumulation of \$15,000 for site acquisitions from opportunity purchases. Because \$5,000 appears adequate for purchases in any one fiscal year, we are recommending that the availability of funds be limited to one year only.

In addition, there are no restrictions on these funds as to the type of site acquisitions permitted. For example, additional fire stations at new locations can be initiated without review by the Legislature.

In last year's Analysis we noted a similar problem in the Department of Parks and Recreation and supplemental language was approved clarifying legislative intent. We are recommending the same for the Division of Forestry which would be accomplished by adding the following language in the supplemental report.

"It is the intent of the Legislature that the Public Works Board assure that opportunity purchase consist of relatively small purchases of land and improvements that were not available for purchase by the Department of Conservation, Division of Forestry six months prior to the beginning of a fiscal year."

Requests for New Fire Stations

(d) (e) Fort Bragg construction	\$489,456
(f) (g) Westwood construction	331,957
(j) (k) Los Banos construction.....	401,387
(l) (m) Corralitos construction	362,753
Total.....	<u>\$1,585,553</u>

We withhold recommendation of \$1,585,553 pending a determination of the scope of these projects.

We believe the schematic plans which have been prepared for these projects are unrealistic in their design and exceed what is required to provide an adequate fire station, especially when the construction costs are in excess of \$40 per square foot. This is about \$8 per square foot in excess of past construction escalated for inflation.

These proposed facilities are also larger than the standard plans used in the past, which exaggerates the cost.

Environmental Impact Report Compliance Required. An environmental impact report (EIR) has not been prepared for these projects. In

DEPARTMENT OF CONSERVATION—DIVISION OF FORESTRY—Continued

accordance with the California Environmental Quality Act, funds should be withheld until such reports are prepared and reviewed.

(h) Big Creek, construction	\$129,784
(i) Valley Springs, construction	166,704
Total.....	\$296,488

We withhold recommendation of \$296,488 for fire stations pending further information.

These two construction projects in the Budget Bill are for augmentation of projects which were funded from the Budget Act of 1973.

	<i>Funded</i> 1973-74	<i>Proposed</i> 1976-77	<i>Total</i>	<i>Proposed</i> <i>Percent</i> <i>Augmentations</i>
Big Creek.....	\$112,965	\$129,784	\$242,749	115%
Valley Springs.....	109,539	166,704	276,243	152

These projects have experienced excessive delays resulting in needless cost increases due to inflation.

At this writing we are without drawings or estimates. Therefore, we withhold recommendation on these projects because we have received no indication of the need for the proposed augmentations to exceed the expected inflationary cost rise.

(n) Davis Equipment Facility—master plan study.....	\$9,800
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We recommend approval.

The Davis Equipment Facility serves the Division of Forestry as, (1) a vehicle and equipment maintenance shop, (2) a prototype shop for design of fire fighting equipment, (3) a statewide reception center for new vehicles and (4) a preparation facility to outfit new equipment and dismantle old equipment.

The facilities currently providing space for these services date back to the 1930's when they were conceived to provide for repair, maintenance and mechanical work. Their current condition is marginal, and they are neither sized nor configured correctly to provide the required space.

These funds for a master plan study are to assess the current conditions in order to develop plans for utilization and/or removal of the existing buildings along with recommendations for replacement facilities.

DEPARTMENT OF FISH AND GAME

Item 380 from the Fish and Game Preservation Fund

Budget p. 606

Requested 1976-77	\$150,000
Recommendation pending	150,000

SUMMARY OF RECOMMENDATIONS

Analysis page 963

- 1. Statewide. Recommendation pending. Withhold recommendation pending submittal of specific project information.

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation pending submittal of specific project information.

This item is for construction of settling ponds for all state fish hatcheries to meet water quality standards. However, the budget figure of \$150,000 is not based upon estimates for specific projects.

The Department of Fish and Game is currently testing the water quality flowing from all of its hatcheries to develop projects in order to meet standards prescribed in each region by the Water Quality Control Board.

The surveys are scheduled for completion by July of 1976. However, several hatcheries have been surveyed and the need for settling ponds determined. In those instances we recommend plans and estimates be developed for review during budget hearings.

Environmental Impact Report Compliance. Environmental Impact Reports have not been prepared for these projects. In accordance with the California Environmental Quality Act funds should be withheld until such reports are prepared and reviewed.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT

Item 381 from the Harbors and Watercraft Revolving Fund

Budget p. 619

Requested 1976-77	\$900,000
Recommendation pending	900,000

ANALYSIS AND RECOMMENDATIONS

We recommend special review.

This item would appropriate \$900,000 for planning and construction of boating facilities at State Park System and State Water Project reservoirs:

- (a) Preliminary planning for construction appropriations in succeeding budgets \$20,000
- (b) Construction of boating facilities at Castaic Lake, State Water Project. The project consists of two additional

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT—Continued

- launching lanes (four lanes existing) at Castaic Ridge area, and two shore access docks and sanitary facilities at Sharon's Rest boat-in area. 150,000
- (c) Improvement of marina facilities at Millerton Lake State Recreation Area. The project consists of an additional parking area for 150 cars and four chemical toilets at the Winchell Cove Marina. 110,000
- (d) Construction of additional boating facilities at Pyramid Lake, State Water Project. The project consists of a parking lot and dock expansion at Emigrant Landing area, seventy five boat-in camps at two sites, and two floating restrooms at Yellow Bar and Vacquero areas. 620,000

We recommend this item be placed under special review because the department has not received cost estimates from the Office of the State Architect for these projects.

DEPARTMENT OF PARKS AND RECREATION

Item 382 from the Hearst San
Simeon Historical Monument
Special Account, General
Fund

Budget p. 643

Requested 1976-77	\$325,000
Recommendation pending	325,000

ANALYSIS AND RECOMMENDATIONS

We recommend special review.

This item proposes to appropriate \$325,000 for capital outlay at Hearst Castle from reserves established by legislative action in prior Budget Acts. The reserves, which are deposited in the Hearst San Simeon Historical Monument Special Account in the General Fund consist of the surplus of operating revenues over operating costs at the Hearst Castle.

In our 1975-76 Analysis, we pointed out that restoration, maintenance and repair work will continue to be needed at Hearst Castle, but the future scope, priority and specific definition of the work is unknown. For a better understanding of those needs at this facility, we recommend that \$15,000 be made available by the department to the Office of Architecture and Construction for preparation of a comprehensive restoration and repair schedule and estimated costs. This recommendation was adopted by the Legislature and included in the supplementary language report to the Budget Act of 1975.

We recommend that the item be placed under special review because the requested schedule of repairs and estimated costs has not been provided to justify the department's request.

DEPARTMENT OF PARKS AND RECREATION

Item 383 from the Park and Recreation Revolving Account, General Fund

Budget p. 648

Requested 1976-77	\$50,376
Recommended approval	50,376

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item would appropriate \$50,376 from federal funds in the Park and Recreation Revolving Account in the General Fund to pay the state's pro rata share of a new sewer line being constructed by the Tahoe City Public Utility District. This sewer line will transport sewage from the existing line serving Sugar Pine Point, D.L. Bliss and Emerald Bay State Parks to the treatment plant to be constructed near Truckee.

DEPARTMENT OF PARKS AND RECREATION

Item 384 from the San Francisco Maritime State Historic Park Account, General Fund

Budget p. 647

Requested 1976-77	\$35,000
Recommendation pending	35,000

ANALYSIS AND RECOMMENDATIONS

We recommend special review.

This item would appropriate \$35,000 for the acquisition of the Tugboat Hercules from the State Park Foundation for permanent display at the San Francisco Maritime State Historic Park.

We recommend the item be placed under special review because the department has not made its final selection of capital outlay acquisition and development projects for the budget year.

DEPARTMENT OF PARKS AND RECREATION

Item 385 from the Bagley Conservation Fund

Budget p. 640

Requested 1976-77	\$120,000
Recommended approval	120,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

Chapter 1, First Extraordinary Session of 1971, created the Bagley Conservation Fund and placed \$40 million in it from General Fund revenues for beach, park and other land acquisitions, including wildlife areas and for coastline planning and development of recreational facilities. Section 19.3 of the 1973 Budget Act transferred \$41,500,000 from the General Fund surplus into the Bagley Conservation Fund. The Legislature appropriated \$28.6 million by Item 383.5, Budget Act of 1974 and \$17.9 million by Section 12.1, Budget Act of 1975, from Tidelands Oil Revenues to the Bagley Conservation Fund for park purposes.

This item would appropriate \$120,000 for design and construction planning and construction liaison on Bagley Conservation Fund projects during the budget year.

DEPARTMENT OF PARKS AND RECREATION

Item 386 from the Collier Park Preservation Fund

Budget p. 640

Requested 1976-77	\$5,173,000
Recommendation pending	5,173,000

ANALYSIS AND RECOMMENDATIONS

We recommend special review.

Chapter 1502, Statutes of 1974, established the Collier Park Preservation Fund. This fund is the depository for the first \$7 million in park system revenues received annually. Previously, the money was deposited in the General Fund. This item would appropriate \$5,173,000 for acquisition costs, opportunity purchases, and 11 park acquisition and development projects during the budget year.

We recommend the item be placed under special review because the department has not made its final selection of capital outlay acquisitions and development projects for the budget year.

DEPARTMENT OF PARKS AND RECREATION

Item 387 from the State Park
Contingent Fund

Budget p. 640

Requested 1976-77	(Reimbursement)	—
Recommendation pending	(Reimbursement)	—

ANALYSIS AND RECOMMENDATIONS

We recommend special review.

The State Park Contingent Fund is a special fund for monies received from gifts, donations, local government appropriations and federal funds for improvements or additions to the State Park System. All monies from this fund shall be used in accordance with the terms of the gift, donation or appropriation.

This item proposes to authorize, through the State Park Contingent Fund, four state park acquisition projects on a fully reimbursed (no state cost) basis.

The reimbursements would be \$450,000 from the Federal Land and Water Conservation Fund, \$300,000 from the Save the Redwoods League, \$300,000 from the Sempervirens Fund, and \$20,000 from a title company.

We recommend the item be placed under special review because the department has not made its final selection of capital outlay acquisition and development projects for the budget year.

DEPARTMENT OF WATER RESOURCES

Item 388 from the General
Fund

Budget p. 676

Requested 1976-77	\$3,000,000
Recommended approval	3,000,000

ANALYSIS AND RECOMMENDATIONS

This item appropriates the capital outlay funds for the acquisition of lands, easements and rights-of-way for U.S. Corps of Engineers flood control projects in the Central Valley.

We recommend approval of the following projects as requested in the Governor's Budget:

- | | |
|---|-----------|
| (a) Sacramento River and Tributaries Flood Control project | 72,000 |
| (b) Fairfield Flood Control project | 1,360,000 |
| (c) Chester, North Fork Feather River Flood Control project | 50,000 |
| (d) San Joaquin River and Tributaries Flood Control project | 18,000 |
| (e) Fresno River Flood Control project | 50,000 |
| (f) Chowchilla River Flood Control project..... | 50,000 |

DEPARTMENT OF WATER RESOURCES—Continued

(g) Sacramento River Bank Protection project..... 1,400,000

DEPARTMENT OF WATER RESOURCES

Item 389 from the General Fund

Budget p. 676

Requested 1976-77	\$335,700
Recommended approval	65,000
Recommended reduction	40,700
Recommendation pending	230,000

SUMMARY OF RECOMMENDATIONS

Analysis page

- 1. Flood warning telemetry system. Withhold recommendation pending reanalysis of request to construct telemetry system. 968
- 2. *Sutter Maintenance Building. Reduce by \$40,700. Recommend reduction of construction estimate.* 968

ANALYSIS AND RECOMMENDATIONS

(a) Flood Warning Telemetry System..... \$230,000

We withhold recommendation pending reanalysis of request to construct telemetry system by the Department of Water Resources.

This request is for (1) 12 telemetered hydrologic data stations and (2) one mountaintop radio repeater for the Russian and Napa River Basins. These stations are part of the North Coast Telemetry System. The existing system is approximately 10 years old and is comprised of both automatic and manual quick-call type stations. The Department desires to replace this entire North Coast system with automatic telemetered stations over the next several years. In addition to the 12 stations proposed for replacement at this time, 22 additional stations would require replacement in the future.

Water Resources plans to tie this system into the central valley portion of the telemetry system installed in 1973-74, 1974-75 and 1975-76. Our concern with this approach of phasing the North Coast system station-by-station is the potentially different configuration, resulting in incompatibility of electronic equipment received through bidding at each phase. For example, it would be logical to phase the shelters and equipment followed by the computer items. Therefore, we request that alternate budgeting approaches to provide the needed telemetry be evaluated from the standpoint of cost and system compatibility and that recommendations by the Department of Water Resources be made prior to budget hearings. Also, the need for each station should be addressed in order to determine the entire system design.

(b) Sutter Maintenance building and improvements \$105,700

We recommend (1) a reduction of \$40,700 in the construction estimate

of this project and (2) that the Sutter maintenance building be designed by the Office of the State Architect (OSA).

This request is to augment the maintenance shop/conference room building appropriated in the Budget Act of 1974. This building, designed by the Department of Water Resources (DWR), was originally requested in 1974 in the amount of \$205,000. At that time it was determined that the \$205,000 cost was excessively high for such a structure and the appropriation was reduced to \$110,000. The requested augmentation of \$105,700 indicates a current estimate, two years later of \$215,700. In our opinion, the project has been unnecessarily delayed and the proposed cost is excessive.

This past year the Department of Conservation, Division of Forestry (CDF) requested a similar building for the division's San Bernardino area auto shop. This building is to be a six-bay auto shop requiring 5,568 feet at a total estimated project cost of \$203,000, representing a total cost of \$36.45 per gross square foot as designed by the OSA. Listed in Table 1 is a comparison of the six-bay shop for the Division of Forestry and the requested structure for the Department of Water Resources.

Table 1
Comparison of Similar Function Maintenance Facilities
in the Department of Water
Resources (DWR) and Department of Conservation,
Division of Forestry (CDF)

	<i>DWR</i>	<i>CDF</i>
Gross square feet	3,640	5,568
Building dimensions—feet	40 x 91	58 x 96
Estimated cost per gross square foot.....	\$59.26	\$36.45
Construction Cost		
Basic building.....	\$168,000	\$168,000 ^b
Supervision, administration and inspect construction.....	15,000 ^a	—
Contingency	8,400	8,400
Site preparation.....	3,000 ^b	—
Design and engineering	20,200	15,800
Nonbasic	—	9,900 ^a
Environmental impact report	500 ^a	—
Inspection (architecture)	300 ^a	—
As built drawings	300 ^a	—
Total Estimated Project Cost.....	\$215,700	\$202,100

^a Comparison of specifics for nonbasic.

^b \$168,000 includes \$3,000 site preparation.

Reviewing the information displayed in Table 1 reveals that the basic building price is identical for both buildings although the CDF building is approximately 2,000 square feet larger. In addition, the cost for design services is considerably higher for DWR when compared to the OSA charges for a similarly valued basic building of similar function.

To determine why the costs of the DWR building are excessive, we have reviewed the drawings and specifications for the DWR Sutter maintenance building. We note that items adding excessively to the cost are (1) expensive and excessive lighting fixtures of the type normally chosen for aesthetic solutions and not for this type of facility, (2) metal lath and cement plaster is proposed on some interior walls versus the use of gypsum board which is much less expensive, (3) the structure appears to be over-

DEPARTMENT OF WATER RESOURCES—Continued

designed for the type and size of building and (4) excessive electrical power. In reviewing this project we suggested to the Department of Water Resources that the building could be redesigned to reduce the cost and bring the project into proper perspective. The department's response was that any savings realized by a redesign would be more than offset by the additional costs involved in conducting the redesign. However, the comparisons in Table 1 show that an adequate facility can be designed at a reduced cost. Therefore, we recommend that the building be designed by the OSA which, we believe can design the facilities at a total project cost of approximately \$175,000 including the portion of funds already expended by the Department of Water Resources. Therefore, we recommend a reduction in the amount of \$40,700 for a project augmentation of only \$65,000.

DEPARTMENT OF HEALTH

Item 390 from the General Fund

Budget p. 741

Requested 1976-77	\$6,673,000
Recommended approval	900,000
Recommended reduction	4,100,000
Recommendation pending	1,673,000

SUMMARY OF RECOMMENDATIONS

	<i>Analysis page</i>
1. Statewide. Recommend a report master planning the state hospitals to be submitted April 1, 1977.	970
2. Statewide. Recommend all construction and alteration projects be reviewed for code compliance.	974
3. <i>Statewide. Reduce \$4,100,000.</i> Recommend reduction for fire and life safety corrections.	974
4. Statewide. Withhold recommendation on emergency power, phase II pending submittal of project description and estimates.	975
5. Berkeley. Withhold recommendation on public health building pending submittal of plans and estimates.	975

State Hospitals Master Plan

We recommend the Department of Health and the Office of the State Architect continue to master plan the state hospitals. The findings and recommendations from the plans should be reported to the Joint Legislative Budget Committee by April 1, 1977.

The Budget Act of 1975 provided funds for development of master plans for Napa and Sonoma State Hospitals. The scheduled completion date for these plans is April 1, 1976.

Continuation of this effort for the remaining state hospitals is important because these plans will assist in determining the state hospitals' capital outlay needs. In past years, requests for building code or accreditation

related improvements have been budgeted. However, to date there has not been an established comprehensive statewide plan for updating the utilization of state hospitals. It is recognized that many deficiencies exist at the hospitals. However, we continue to appropriate money on a crisis basis without correcting the basic problems. In our opinion, this is not a satisfactory approach.

For example, (1) air conditioning of state hospitals has been undertaken, (2) there is a current request to correct fire and life safety infractions and (3) apparently a request to improve the patient care and ancillary areas will follow. However, the structures in the state hospital system as a whole have never been fully evaluated. The larger question is whether these buildings warrant the expense required by continuous modification. An examination of the cost of meeting codes and accreditation standards, plus the expenses associated with modifications such as air conditioning, suggest that to replace a structure (or to classify it to an alternate use) would be a more viable alternative. We believe a study to evaluate all of the factors affecting state hospital structures is necessary in order to assure the best result from the expenditure of state funds.

This study should include, but not be limited to, a complete inventory of structures, master utilization plan, corrective action schedules and an analysis of potential problems, benefits and costs. The Office of the State Architect (OSA) in conjunction with the department should prepare the master plans for the nine remaining state hospitals.

By utilizing the Napa and Sonoma master plans as a guide, much of the required preparation and research will not need to be repeated. This should save time and effort and make it possible to complete the plans for the remaining hospitals by April 1, 1977. Cost estimates for these plans should be provided by OSA during budget hearings.

Air Conditioning: A Progress Report

For the past several years, an area of particular concern to the Legislature has been the projects to air condition the state hospitals. The status of these projects is summarized in Table 1.

Correction Plan for Code Deficiencies

The Department of Health has recently completed a comprehensive schedule for the correction of code deficiencies in state hospitals. This schedule identifies, by building, the general corrections needed.

Presented in this schedule is an estimated correction cost for each building by code deficiency. This information is presented in priority order from a methodology developed jointly by the Department of Health and the State Fire Marshal's office. A priority list for correction of buildings is important because the critical buildings affecting the greatest number of patients can be corrected first. The marginal buildings can be deferred or replaced. We believe this is a commendable approach.

Even though this schedule's cost information is general, the development of these costs assists in determining whether or not the correction is warranted when compared to the value of the building. The department is then in a better position to determine whether a building should be refurbished or replaced.

DEPARTMENT OF HEALTH—Continued

Table 1
Status of Air Conditioning at State Hospitals

<i>Hospital</i>		<i>Funded budget year</i>	<i>Augmented budget year</i>	<i>Estimated completion</i>
Agnews	Project under construction	1973	1975	12-76
Fairview	Phase I under construction	1973	1975	6-76
	Phase II bid opening 3-76			6-77
Porterville.....	Complete	1973	—	1-76
Pacific	Phase I under construction	1973	1974	5-76
	Phase II bid opening 3-76			1-77
Sonoma	Phase I bid opening 1-76	1973	1975	11-77
	Phase II complete			
	Phase III bid opening 1-76			11-77
	Phase IV bid opening 1-76			11-77
	Phase V bid opening 3-76			11-77
	Phase VI bid opening 6-76			11-77
Stockton	Cottage "E"	1974	—	6-77
Metropolitan	Receiving and Treatment	1975	—	7-77

However, we continue to be concerned about the department's emphasis on the correction of fire and life safety violations as a first step. All too often in the past projects have been limited to correcting individual problems such as fire sprinklers, air conditioning and emergency power rather than correcting all deficiencies at one time. Now that there has been a comprehensive determination of all the code deficiencies, it is appropriate to correct all known code deficiencies in each building. This procedure would prevent the need to return every few years with required major modifications. Further, this procedure would not only minimize disruption of patients and programs but the total cost for corrections would be less. Therefore, we recommend corrections of all known code deficiencies on a building-by-building basis using the Department of Health building priority criteria.

Table 2 provides a summary of the estimated total costs for code corrections as developed by the Department of Health. The estimates are categorized by (1) buildings which will always be used as long as the hospital system is necessary (low), (2) buildings used for a population level the department considers to be optimum (target) and (3) utilization of all buildings in the system (high). The high category represents current patient placement methodology and hospital/community utilization.

Table 2 also shows that of the total \$183 million estimated deficiencies, only \$22 million has been funded leaving an estimated \$161 million unfunded.

Table 2
Code Deficiency Correction Costs
Statewide Summary

<i>Population^a</i>	<i>Licensing and Environmental Cost</i>	<i>Elevator Cost</i>	<i>Air- Condition Cost</i>	<i>Seismic Compliance Cost</i>	<i>Fire Sprinkler Cost</i>	<i>Fire and Life Safety Cost</i>	<i>Total Cost Columns 1 thru 6</i>	<i>Funded</i>	<i>Funding Required Columns 7 minus 8</i>
Low (7,000)	\$24,301,156	\$1,394,287	\$18,144,180	—	\$387,321	\$19,260,964	\$63,487,908	\$14,295,237 ^b	\$49,192,671
Target (10,000)	6,715,180	298,863	3,929,090	—	281,079	4,089,590	15,313,802	2,316,750	12,997,052
High (18,104)	45,782,957	3,895,000	24,637,630	\$4,170,000	1,672,797	24,025,769	104,184,153	5,414,493	98,769,660
TOTAL.....	\$76,799,293	\$5,588,150	\$46,710,900	\$4,170,000	\$2,341,197	\$47,376,323	\$182,986,163	\$22,026,480^b	\$160,959,383

Source: Department of Health, State Hospital Utilization Project Report.

^a Three population ranges were established: Low, Target, and High. Costs and fundings have been broken down by those population ranges.

^b Includes \$1,000,000 for Fire and Life Safety from the 1975-76 budget plus \$2,370,949 from fire sprinkler and air-conditioning monies.

DEPARTMENT OF HEALTH—Continued

The high population (capacity) figure used in Table 2 is 18,104. The estimated average number of patients in the state hospitals in the current year is 16,834. The average state hospital population preliminary projections for fiscal year 1976-77 is 17,368. The budget indicates that revised population estimates for the state hospitals will be submitted to the Legislature prior to committee budget hearings. Thus, we must conclude that unless there are other economical solutions for providing patient care a potential \$161 million will be required to provide code accredited facilities.

Review for Code Compliance

We recommend all proposed construction and alteration projects be reviewed for code compliance prior to implementation.

It has been estimated that as much as 20 percent of the \$183 million total shown in Table 2, is required because of building modifications accomplished without review. The organizational structure of the state hospital system permits alterations to be made without checking whether or not such alteration comply with the applicable code. As a result, there have been alterations made which must now be corrected.

As long as this is permitted to continue there can never be a time where even the identified corrections will constitute a complete list because the space may be altered between the time the building has been surveyed and the time it is corrected.

We recommend the department initiate administrative procedures to assure that all construction and alteration projects are reviewed for code compliance prior to construction.

(a) Statewide: Fire and life safety \$5,000,000

We recommend a reduction of \$4,100,000.

The state hospitals are subject to federal and state regulations pertaining to licensure as a health facility to participate in the Medi-Cal and Medicare programs. Licensing regulations and Medi-Cal/Medicare regulations are similar because both have health, safety, environmental and program requirements.

The state hospitals do not comply with these requirements at this time. Licensing of the state hospitals is the administrative responsibility of (1) the state Fire Marshal, (2) the state Department of Health, and (3) the federal Department of Health, Education and Welfare (Region IX). Federal financial participation is dependent upon approved licensing. The decisions are contingent upon (1) development of an acceptable plan and schedule of correction of nonconforming fire and life safety and environmental conditions, (2) a commitment of funds for deficiency correction and (3) the continued enforcement of the department's fire watch plan in the interim.

The Budget Bill proposes \$5 million to be used for correction of fire and life safety deficiencies. We believe that correction of all known deficien-

cies for each building should be undertaken at one time rather than limiting corrections to only fire and life safety.

The Department of Health, in cooperation with the State Fire Marshal's office has identified, in priority order, those buildings requiring modification for fire and life safety code deficiencies based upon continued use.

Our request to master plan the state hospitals will expand the criteria for evaluating the existing structures. However, the top priority buildings will remain the same and will require correction as long as the state hospitals continue to be used. The top priority buildings are the acute hospitals serving the highest concentration of patients at each state hospital. We believe it appropriate to fund the planning portion of the required corrections. Therefore, we recommend \$900,000 be appropriated this year. The first \$400,000 for preliminary plans and working drawings for all corrections of the first 10 buildings as listed in Table 3. The remaining \$500,000 for preliminary plans for an estimated value of construction of \$20 million is for the next group of priority buildings.

Current construction cost estimates are based on on-site inspection by a team of department and State Fire Marshal personnel. This inspection is beneficial to identify the inequities of deficiencies but does not provide adequate information to substantiate costs required to correct the problems. Thus, appropriation of construction funds at this time is (1) premature and (2) based on invalid cost estimates. Because construction could not proceed in the budget year, development of appropriate planning documents will result in improved budgeting in 1977-78.

(b) Statewide: Emergency Power, Phase II..... \$1,000,000

We withhold recommendation pending determination and presentation of the project description and estimates.

This \$1 million is for expansion of the state hospitals emergency power capability. This is considered to be Phase II of the plan to provide emergency power. However, Phase I, which is to provide the initial emergency power system to critical areas, is not complete and apparently short of funds. Until Phase I is completed, it is not prudent to fund the second phase.

Thus, we recommend that the department and the Office of the State Architect immediately determine the funds necessary to complete Phase I and that this item be modified to provide the funds to complete that phase.

If Phase II is a code requirement, the department should so indicate and develop a project description and estimates reflecting the need to provide (1) the required emergency power to all buildings and (2) emergency power to those buildings which are contained in the Department of Health plan for continued use.

We withhold our recommendation pending submittal of the requested information.

(c) Public Health Building—Berkeley..... \$673,000

We withhold recommendation pending submittal of supporting plans and estimates.

Table 3
Buildings of Priority No. 1
Estimated Costs for Code Corrections

<i>Hospital</i>	<i>Building</i>	<i>Fire and panic safety</i>	<i>Elevators</i>	<i>Environmental</i>	<i>A/C^c</i>	<i>Sprinklers</i>	<i>Total</i>
Agnews	RTC #54	\$643,128	\$93,925	N/R	Funded	Complete	\$737,053
Camarillo	RTC	698,660	N/A	N/R	^a	N/R	698,660
Fairview	RTC	630,965	N/A	N/A	Complete	Complete	630,965
Metropolitan	RTC	355,625	N/A	N/R	Funded	N/R	355,625
Napa	RTC #168	778,266	N/A	N/R	^a	Funded	778,266
Pacific	RTC	917,422	N/A	N/R	Complete	Complete	917,422
Patton	RTC	355,975	Existing	N/R	Complete	N/R	355,975
Porterville	RTC	353,379	N/A	N/R	Complete	N/R	353,379
Sonoma	Nelson Center	73,617	N/A	\$180,624 ^b	Complete	N/R	182,241
Stockton	Cottage G	550,536	N/R	1,320,513 ^b	Complete	N/R	1,871,049
Total		\$5,357,573	\$93,925	\$1,429,137			\$6,880,635

^a Not recommended by Department of Health for air conditioning. No cost estimate available for Camarillo. Cost estimate for Napa is approximately \$2 million.

^b Estimated by building type by OSA.

^c Air conditioning.

Note 1. Deferring Napa and Sonoma pending the April 1 comprehensive plan and bringing the other listed buildings up to all code requirements would cost \$5,920,128.

Note 2. According to OSA these buildings comply seismically.

This project provides additional laboratory space within the state-owned building in Berkeley by converting some offices. This is required to reduce overcrowding of the lab space and correct violations cited by Cal-OSHA and the State Fire Marshal.

A program for this project has been developed. However, plans and estimates have not been developed. We withhold our recommendation pending their submittal.

EMPLOYMENT DEVELOPMENT DEPARTMENT

Item 391 from the Employment
Development Department
Contingent Fund

Budget p. 762

Requested 1976-77	\$255,500
Recommended reduction	\$255,500

SUMMARY OF RECOMMENDATIONS

- | | <i>Analysis
page</i> |
|---|--------------------------|
| 1. <i>San Luis Obispo. Reduce \$142,500.</i> Recommend deletion of site acquisition. | 979 |
| 2. <i>Merced. Reduce \$63,000.</i> Recommend deletion of site acquisition for parking. | 980 |
| 3. <i>Statewide. Reduce \$50,000.</i> Recommend deletion of preliminary planning funds. | 980 |

ANALYSIS AND RECOMMENDATIONS

The budget proposes a significant change in policy relating to capital outlay for the Employment Development Department (EDD). It is intended to resume a practice of the mid-1960's, in replacing leased premises with state-owned buildings so as to save rent paid by the department. The plan anticipates that the Federal Manpower Administration will provide a rental grant to EDD to be used to amortize the cost of the building over a reasonable number of years. This will restore money to the funds from which the capital expenditures originally are made.

We understand that the department will in effect borrow the money for a twenty to twenty-five year period and repay the borrowed amount in monthly installments. Payments would be shared by the state and federal government in proration to program responsibility. Therefore, the federal government and the state share proportionately the amortization expense, as they currently share expense for leased facilities.

This method of financing is proposed for projects in this item (391) from the Contingent Fund as well as for projects in Item 392 from amounts in the Trust Fund made available under the Reed Act.

Building Ownership is Unclear

Reed Act funds are deposited with the federal government, but only available to state beneficiaries based on state participation. In effect, these funds represent overpayments by California employers and theoretically

EMPLOYMENT DEVELOPMENT DEPARTMENT—Continued

could be used to reduce assessments to California employers. However, because of the limited amount of funds available, this reduction apparently would not be beneficial. Because the Reed Act funds are deposited with the federal government, they are considered federal funds. As such, the use of these funds for capital outlay purposes raises the question of building ownership. For example, if the department borrows Reed Act funds to construct a new facility the building is apparently 100 percent federally owned. Subsequently, the state and federal governments share in the amortization so that at the end of the amortization period the state presumably owns that portion it paid in amortizing the loan. However, this raises a number of questions. For example:

1. If the building is sold does the state receive a portion or all of the sales?
2. Who determines that the building should be sold and administers the sale?
3. Who manages the building?
4. Does the state lease from the federal government or is the reverse true?

The Contingent Fund (Item 391) is composed of revenues from interest, penalties and fines in connection with the employment and disability payroll taxes, as distinguished from the primary tax. As such, these funds have been determined not to be trust funds and are available for appropriation by the Legislature for any purpose. These funds have been used primarily to pay the portion of pro rata charges that are not eligible for payment from federal funds. In the past any Contingent Fund surplus in excess of \$1 million was transferred to the General Fund. However, Chapter 1458, Statutes of 1974, required transfer of this surplus to the Unemployment Fund and the Disability Fund. Because the Contingent Fund is not a federal fund, the question of building ownership may not be a valid one.

Uncertain State Benefits

In the past we have questioned similar proposals from the department on the basis of real dollar savings to the state. In our 1965-66 Analysis we suggested:

... "that no new sites be purchased and that all future space requirements be handled by means of long-term leases through which the state can procure space constructed to its own specifications without investing capital funds." We pointed out that "... a substantial part of the space would have rental coverage by payments from the federal government. This approach would permit the property to remain on the local tax rolls and would, in fact, result in higher local tax incomes because of the improvements constructed by the lessor."

In our 1966-67 Analysis we suggested that if the state invested in buildings and if;

... "that investment resulted in savings compared to continuing to lease similar facilities it is the federal government and not the state that benefits from the saving.

If it is determined that owning a facility results in savings when compared to renting or leasing, there may be other ways for the state to benefit from the savings instead of passing the benefit to the federal government.”

We continue to raise these same questions because of our primary concern that this program may result in substantial saving to the federal government at the expense of the local property taxpayer.

We believe that complete justification for the proposed funding program should be provided by EDD prior to budget hearings.

Proposed Five-Year Plan

The department is estimating an expenditure of \$8.6 million over the next five years. Table 1 summarizes these proposed expenditures by year and fund source.

Table 1
Proposed Five-Year Capital Outlay
Plan by Funding Source

<i>Fund Source</i>	1976-77	1977-78	1978-79	1979-80	1980-81
Contingent Fund	\$255,500	\$100,000	—	—	—
Unemployment Trust Fund (Reed Act)	486,000	1,697,500	\$400,000	\$400,000	\$400,000
Disability Insurance Fund	—	—	3,087,500	935,000	815,000
Total	\$741,500	\$1,797,500	\$3,487,500	\$1,335,000	\$1,215,000

For 1976-77 the department proposes two site acquisition projects plus preliminary planning funds to be financed from the Employment Development Department Contingent Fund (\$255,500, Item 391) along with two site acquisition projects and one office addition from the Unemployment Trust Fund (Reed Act) (\$486,000, Item 392).

With regard to these specific projects the department has not adequately defined its long-term needs for the particular locations. The proposed buildings should be designed to meet the department's estimated needs for the next 15 years with flexibility to expand to the projected 25-year need. The department has not provided information indicating its needs in these locations over the next 15 to 25 years. In fact, the department currently leases the majority of its space in order to provide flexibility to meet shifting unemployment patterns. We believe the proposals should be deferred until the department establishes a long range planning effort and provides adequate information substantiating long-term capital outlay needs.

Our discussion of the specific projects funded from the Contingent Fund (Item 391) follows:

- (a) Site acquisition—San Luis Obispo \$142,500

We recommend deletion.

This project is for acquisition of a site of approximately 30,000 square feet for a future field office. The department has not provided an adequate program description for the proposed office and the appropriateness of the size and location of the site cannot be substantiated. We also question the high cost of \$4.75 per square foot for property in this area.

EMPLOYMENT DEVELOPMENT DEPARTMENT—Continued

(b) Site acquisition—Merced parking lot \$63,000

We recommend deletion.

This proposal will provide a site to replace existing parking which will be displaced by a building addition. The addition is proposed for funding under Item 392. This request is also submitted without an adequate program description and the appropriateness of the size and location of the site cannot be justified.

(c) Preliminary planning..... \$50,000

We recommend deletion.

These funds are requested to allow the department to prepare plans and estimates for future facilities. We believe the department should develop a long-range facilities planning effort before expending funds for planning specific buildings.

EMPLOYMENT DEVELOPMENT DEPARTMENT

Item 392 from the Unemployment Trust Fund

Budget p. 762

Requested 1976-77	\$486,000
Recommended reduction	\$486,000

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

1. *Santa Rosa. Reduce \$72,000.* Recommend deletion of site acquisition. 980
2. *Modesto. Reduce \$157,500.* Recommend deletion of site acquisition. 980
3. *Merced. Reduce \$256,500.* Recommend deletion of building addition. 981

ANALYSIS AND RECOMMENDATIONS

This item and Item 391 represent a significant change in policy relating to capital outlay for the Employment Development Department (EDD). We have discussed this change and implications under Item 391, page 977. Proposed 1975-76 capital outlay program from the Unemployment Trust Fund (Reed Act).

(a) Site acquisition—Santa Rosa office..... \$72,000

We recommend deletion.

This project is for acquisition of a site of approximately 18,000 square feet for a future field office. However, the department has not submitted an adequate program description for the proposed office and the adequacy of the size and location of the proposed site cannot be substantiated. The cost of \$4 per square foot also appears quite high for this area.

(b) Site acquisition—Modesto Office \$157,500

We recommend deletion.

This project will provide additional parking of approximately 35,000

square feet for future expansion of the existing facility. This request is also submitted without an adequate program description delineating the needs for the site to accommodate a proposed addition. In addition, the cost of \$4.50 per square foot appears high for the area.

(c) Office building addition—Merced \$256,500

We recommend deletion.

This project will provide an addition of approximately 5,700 square feet to the existing facility. This project is dependent on the successful acquisition of additional land requested under Item 391 (b). However, without adequate program description, preliminary plans and an accurate cost estimate we cannot substantiate the adequacy of this request. Also, the department should provide long-range planning data before funds are expended for facility expansion.

DEPARTMENT OF CORRECTIONS

Item 393 from the General
Fund

Budget p. 803

Requested 1976-77	\$2,866,100
Recommended reduction	782,500
Recommendation pending	2,083,600
Recommended augmentation	100,000
Net recommended approval	100,000

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

1. San Quentin. Recommend the population be limited to 1,000 and closed if population statewide permits. 982
2. *Chino. Augment \$100,000.* We recommend an augmentation of \$100,000 to plan a new modular facility. 982
3. Otay Mesa. Recommend prison site be declared surplus property and sold. 983
4. California Conservation Center. Withhold recommendation on sewage plant pending receipt of additional information. 984
5. California Men's Colony. Withhold recommendation on sewage plant pending receipt of additional information. 984
6. California Men's Colony. Withhold recommendation on project to rebuild water reservoirs pending receipt of additional information. 984
7. *San Quentin. Reduce \$342,000.* Recommend deletion of project to remodel sewage plant. 984
8. California Training Facility. Withhold recommendation on project to rehabilitate the electrical system pending receipt of additional information. 984
9. *California Institution for Men. Reduce \$440,500.* Recommend deletion of new milking facility. 985

DEPARTMENT OF CORRECTIONS—Continued**ANALYSIS AND RECOMMENDATIONS**

In recent years, the population trend for the Department of Corrections has been a steady, moderate increase. This past spring, however, the Adult Authority changed term-setting policies resulting in a substantial reduction in population.

The primary reason for this rapid reduction is because many inmates had already served longer than the time guidelines established by the Adult Authority. The current population is 16,922 male felons compared to 22,198 this past April. Therefore, there has been a decline of 23 percent during the nine month period.

The department had originally estimated that population would fall to a low of 17,150 but from that point a gradual steady increase was projected. The department assumed this would occur because of the effect of recent legislation pertaining to drugs and the commitment of crimes with guns which eliminated the granting of probation for these crimes. However, the current population is below the predicted low and continues to decline each week.

San Quentin/Chino

We recommend Budget Act language to limit San Quentin's population capacity to 1,000 inmates. We also recommend closing San Quentin, if the system population remains low.

We recommend an augmentation of \$100,000 to plan a new modular facility for Chino.

Because the prison facilities at San Quentin are in such poor state of repair requiring millions of dollars to correct, we believe it to be wiser to replace San Quentin rather than rebuild it. The department, in its Correctional Resources Utilization Plan, estimates the cost to rehabilitate and provide 1,200 single occupancy rooms at San Quentin to be in excess of \$32 million. To rehabilitate the hospital adds millions more. The total long-range facility cost at San Quentin can be expected to exceed \$45 million. We believe that expenditures of this magnitude for this archaic facility would be inadvisable.

Table 1 shows the total capacity for the system is 20,849 including San Quentin. Therefore, at the current population of 16,922 there is excess capacity of 3,927. We believe that the availability of this excess, and the possibility of it continuing for some time, will allow adequate time to evaluate properly the future of San Quentin.

We see several possible alternatives. First would be the closure of San Quentin leaving a total systemwide prison capacity of 18,120. Second is the closure of San Quentin and the construction of one or more 600-man modular facilities. Third is the reopening of San Quentin to full capacity although this may not be a viable solution because of its high refurbishing cost.

We recommend a maximum of 1,000 inmates be housed at San Quentin, using the adjustment center, East and North block, as long as the population remains sufficiently below 19,120 inmates. If the downward trend continues or if the population stabilizes at or below 16,500-17,300 San Quentin should be closed.

In the interim we recommend an augmentation of \$100,000 to plan a modular 600-man facility to be located in the Chino area on state property. Such a modular plan could be built in increments as space is needed in the future.

Our recommendation is an interim solution to guard against a sudden increase of population while providing ample time for the Department to reevaluate its projected long-range population need and develop appropriate plans to facilitate those needs.

Table 1
Current Capacity for Male Felons

	<i>Current Capacity</i>
Male Felons	
California Conservation Center (Susanville):	
Capacity	1,224
Sierra Conservation Center (Jamestown):	
Capacity	1,224
California Correctional Institution (Tehachapi):	
Capacity	1,173
Correctional Training Facility (Soledad):	
Capacity	2,982
Deuel Vocational Institution (Tracy):	
Capacity	1,523
California State Prison at Folsom:	
Capacity	1,984
California Institution for Men (Chino):	
Capacity	2,647
California Medical Facility (Vacaville):	
Capacity	2,043
California Mens Colony (San Luis Obispo):	
Capacity	2,400
California State Prison at San Quentin:	
Capacity	2,729
Camps:	
Capacity	920
Totals, Male Felons	
Capacity	20,849

Otay Mesa

We recommend the prison site at Otay Mesa be declared surplus property and sold.

Otay Mesa is a state owned site for a new prison located near San Diego, which was purchased in the 1960's. Since that time the prison condition and population has fluctuated substantially. As a result, Otay Mesa has never been developed.

As previously noted, the existing system capacity exceeds current population by 3,927. It is possible that existing capacity may not be needed for several years and the need for increasing existing capacity is of even greater uncertainty.

Even if the need for a new facility materializes, we question whether Otay Mesa would be the appropriate one to develop. The site is located in a remote area without surrounding developments and there are no

DEPARTMENT OF CORRECTIONS—Continued

utilities to the site. As a result the development costs would be high. Because of this, the unit cost (cost per bed) of providing facilities at Otay Mesa would be substantially higher than if the same facilities were constructed at other sites, such as Chino.

For these reasons we believe the site should be declared surplus and sold.

Proposed 1976-77 Capital Outlay Program

(a) Remodel sewage plant—California Men’s Colony	\$950,000
(c) Remodel or replace sewage plant—California Conservation Center.....	\$450,000

We withhold recommendation pending receipt of additional information.

These projects are for compliance with standards established by regional Water Quality Control Boards. They are proposed without benefit of complete supporting documents including estimates and time schedules.

The Department of Corrections has indicated this information will be available prior to budget hearings. Pending receipt of this information we withhold recommendation.

Environmental Impact Report Compliance. An Environmental Impact Report has not been prepared for these projects. In accordance with the California Environmental Quality Act, funds should be withheld until such reports are prepared and reviewed.

(b) Rebuilt water reservoirs—California Men’s Colony	\$333,600
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We withhold recommendation pending additional information.

The reservoirs supplying water to the prison in San Luis Obispo are badly in need of repair. However, the proposal in the Budget Bill is without drawings or estimates. The Department of Corrections indicates this information will be available prior to budget hearings. Pending receipt of this information we withhold recommendation.

Environmental Impact Report Compliance. An Environmental Impact Report has not been prepared for this project. In accordance with the California Environmental Quality Act, funds should be withheld until such a report is prepared and reviewed.

(d) Remodel sewage plant—San Quentin	\$342,000
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We recommend deletion in the amount of \$342,000.

This project will modify the existing sewage plant to upgrade the quality of effluent discharged. This is to be an interim measure serving the institution until construction of the proposed regional facility. This project is not eligible for a federal grant.

In conjunction with our recommendation to limit the population at San Quentin prison and reevaluate its future, we recommend this project be deferred.

(e) Rehabilitate electrical system—California Training Facility	\$350,000
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We withhold recommendation pending receipt of additional information.

This project will replace the primary electrical system which is needed because of recent system failures and the system's age. However, the scope for this project has not been fully determined. Currently, the Department of Corrections and the Office of the State Architect are undertaking a survey to determine what should be rebuilt and replaced.

The Department of Corrections has indicated this information, with plans and estimates, will be ready prior to budget hearings. Hence, we withhold recommendation pending further review.

(f) Construct new milking facility—California Institution for Men \$440,500

We recommend deletion in the amount of \$440,500.

This proposal provides working drawings and construction of a new dairy facility. The \$440,500 figure is not based upon plans or estimates. Therefore, the exact description of what is to be provided is not available.

Correctional Industries operates the existing facility and sells milk at fair market price to the Department of Corrections, Department of the Youth Authority and the Department of Health's state hospitals. However, the existing old facility has limited space and has been cited for substandard health conditions. As a result, Correctional Industries is requesting a new facility. From the information we have received, it appears to be a high cost program which supplies relatively few inmate work positions while requiring a large supporting staff. For these reasons, we recommend the dairy operation be terminated.

DEPARTMENT OF THE YOUTH AUTHORITY

Item 394 from the General Fund

Budget p. 821

Requested 1976-77	\$1,240,000
Recommended reduction	360,000
Recommendation pending	880,000

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

1. Preston School of Industry. Withhold recommendation on project to provide a new infirmary. 986
2. Preston School of Industry. Withhold recommendation on project to rehabilitate the industrial water system pending submittal of additional information. 986
3. *Fred C. Nelles School, Whittier. Reduce \$240,000.* Recommend deletion of project to remodel hospital. 986
4. *Southern California Youth Center, Chino. Reduce \$120,000.* Recommend deletion of project to air cool day rooms and kitchens. 986
5. Southern California Reception Center-Clinic, Norwalk. Withhold recommendation on project to provide warehouse addition pending submittal of additional information. 987

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

ANALYSIS AND RECOMMENDATIONS

Budget plans and estimates are developed by the Office of the State Architect (OSA) upon authorization by the Department of Finance. This year authorization was not given for all projects under this item until early December 1975. As a result, there has been insufficient time for OSA to prepare all of the documents. The latest anticipated completion date is February 15.

Because of this the amounts in the Budget Bill are estimates based only on general project descriptions. Until adequate design and cost information is available we cannot substantiate the adequacy of the requested amounts.

- (a) Provide for infirmary—Preston School of Industry \$610,000

We withhold recommendation.

This project will replace the existing infirmary with a new one. However, the need to build a new infirmary rather than remodel the existing one has not been adequately determined. To date, there has been only a cursory on-site inspection. In addition there has not been a structural survey nor have drawings with an estimate been prepared. Therefore, we withhold recommendation.

- (b) Rehabilitate industrial water system—Preston School of Industry \$150,000

We withhold recommendation pending submittal of addition information.

This project will supply industrial water to the Preston school by piping treated sewage plant effluent from Sutter Creek. Currently the effluent from Sutter Creek flows into an open ditch and is diverted to the Preston school. This method is no longer acceptable to the Regional Water Quality Control Board. There is some concern as to whether the proposed solution meets with Amador County approval. In addition, budget plans and estimates are not available. We withhold our recommendation pending submission of this information.

- (c) Remodel hospital—Fred C. Nelles School \$240,000

We recommend deletion.

This project will refurbish and remodel the existing hospital to provide an infirmary. The existing hospital has been surveyed for compliance to structural deficiencies based upon meeting hospital safety standards. Because infirmaries are not required to meet these more rigid standards the proposed modifications may not be necessary. Therefore, the department should reevaluate its needs based on the applicable standards and revise the proposal accordingly.

- (d) Air cool day rooms and kitchens—Southern California Youth Center \$120,000

We recommend deletion.

This project will air condition various day rooms and kitchens at the Southern California Youth Center in Chino. Air conditioning for this type of facility within correctional institutions is a departure from current state practice. The statewide cost implications of such a departure are signifi-

cant and should be considered before implementing a change. If this practice is to be changed, the department should provide a prioritized list of buildings, statewide, that could be considered for air conditioning. This list should also indicate long-range cost implications.

In addition, the method for air conditioning the areas proposed in this project and the resulting costs have not been determined. Hence, we cannot recommend the adequacy of the requested amounts.

In view of the potential long-range cost implications and inadequate budget information, we recommend deletion of this proposal.

(e) Warehouse addition—Southern California Reception Center-Clinic \$120,000

We withhold recommendation pending submittal of additional information.

This project will provide additional warehouse space. Currently, because of the cramped condition within the existing warehouse, the department orders in small quantities which requires more deliveries for goods. This generally is more costly. In addition, the department finds itself continually moving stored goods within the existing facility in order to locate and retrieve other items. This system is not satisfactory.

The project is proposed without adequate drawings or estimates which should be available prior to budget hearings. Therefore, we withhold our recommendation pending review.

DEPARTMENT OF EDUCATION

Item 395 from the Capital Outlay Fund for Public Higher Education

Budget p. 887

Requested 1976-77	\$19,300,000
Recommended reduction	19,300,000

SUMMARY OF RECOMMENDATIONS

Analysis page

1. *Special Schools for Deaf, Blind and Multihandicapped.* 988
Delete \$19,300,000. Recommend funding new schools from appropriations provided in the Budget Acts of 1973 and 1974.

ANALYSIS AND RECOMMENDATIONS

In 1972, the State Fire Marshal and the Office of Architecture and Construction conducted independent surveys of the State Schools for the Deaf and Blind in Berkeley. The reports from the surveys indicated substantial code deficiencies with regard to fire and life safety and seismic requirements. Because of (1) the estimated cost to correct these deficiencies (approximately \$7.1 million), (2) the age of the facilities and (3) the fact that a known earthquake fault transverses the existing site, it was determined that new facilities should be provided elsewhere. Funds for

DEPARTMENT OF EDUCATION—Continued

site acquisition, replacement facilities and equipment were appropriated as follows:

Budget Act of 1973, Item 356	\$ 2,100,000
Chapter 1120, Statutes of 1973	1,000,000
Budget Act of 1974, Item 389	19,942,000
Total.....	\$23,042,000

Under each of the above appropriations specific language was included requiring (1) development of the two schools on a single site and (2) shared use of appropriate facilities.

In December 1974, the State Public Works Board authorized an augmentation of \$523,100 to the 1973 appropriation, pursuant to Government Code 16352 (deficiency appropriation account), for purchase of a 92-acre site in the City of Fremont. In January 1975, title to this property was transferred to the state at an approximate cost of \$3.2 million. Thus, over \$20 million is available for planning and construction of the new schools.

Proposed Augmentation Unnecessary

We recommend deletion of this item in the amount of \$19,300,000 and utilization of prior funds for planning, constructing and equipping the new schools.

This item is a proposal to augment the prior appropriation by \$19,300,000 and would provide facilities in excess of guidelines approved by the Legislature. Such an augmentation represents 95 percent of the available \$20 million. The proposed augmentation is based on (1) construction commencing in July 1976, (2) extensive facilities and (3) limited sharing of facilities.

According to current schedules proposed by the consulting architects, construction of the new schools will not begin before September 1977. The anticipated inflation in construction costs between July 1976 and September 1977 would add another \$4.4 million (11 percent) to the project cost. Thus, rather than \$19.3 million the actual required augmentation will be closer to \$23.7 million or 103 percent of the available funds. Of this amount a total of \$9 million is related to inflation. This augmentation coupled with site acquisition represents a total estimated cost of \$47.3 million or 105 percent higher than originally anticipated. Because planning for the new schools has progressed only to the master planning phase, all cost estimates represent the architect's proposed guideline budget and are based on current building construction costs. However, approximately \$3 million reserved for utilities and site development is based on incomplete information and the amount necessary cannot be estimated with any accuracy.

In view of the fact that (1) master planning for these schools has only begun (planned for completion in March-April 1976) and (2) construction is not anticipated until September 1977, at the earliest, additional funds will not be required in the budget year.

Proposed Building Program Excessive

Language in the Budget Act of 1974 required the facilities to be (1) shared while maintaining the integrity of their separate educational programs, (2) designed for an initial 150 and 500 students at the School for

the Blind and Deaf respectively with the School for the Deaf master planned for 650 students and (3) "designed in accordance with the applicable State Allocation Board parameters for allowable area and cost for facilities for exceptional children." This language is also included under the proposed appropriation.

In our opinion, the programs as developed are not responsive to the budgeted fiscal restraints or the intended development of the schools on a common site with shared use of appropriate facilities. The programs were developed for completely separate schools, as if on separate sites, with only a cursory nonresponsive effort to incorporate shared facilities.

In addition, the program exceeds State Allocation Board guidelines. As can be seen in Table 1, the proposed new facilities for the Schools for the Deaf and Blind represent a substantial increase over both existing facilities and California State Allocation Board Guidelines.

Table 1
Comparison of Square Footage for
Schools for the Deaf and Blind

	<i>Existing^a</i>	<i>Proposed</i>	<i>State Allocation Board Guidelines</i>
School for the Deaf.....	286,682	375,460	265,925 ^b
School for the Blind	112,437	155,639	91,941 ^c

^a Does not consider lower than normal ratio of usable space footage/overall square footage.

^b Includes 127,300 square feet, per architect's program, for student and superintendent's residences.

^c Includes 39,901 square feet, per architect's program, for student and superintendent's residences.

These directives are quite specific and in our opinion should be followed. If the apparent State Allocation Board parameters are used, without consideration of shared facilities, the estimated cost would be \$27.5 million. Further reductions in the project cost could be realized through (1) shared facilities, (2) Department of Education reevaluation of planned outdoor spaces (i.e., swimming pools, intramural fields, bicycle ovals, barbecue/patio areas, amphitheater, ecology center, etc.) and (3) deletion of the two superintendent residences (3,981 square feet—\$184,000). Subject to these parameters, replacement of the schools can be accomplished within the existing appropriations plus inflationary costs which should be considered in the 1977-78 budget.

UNIVERSITY OF CALIFORNIA

Item 396 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 925

Requested 1976-77	\$7,579,000
Recommended approval	4,013,000
Recommended reduction	1,140,000
Recommendation pending	2,426,000

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

1. Statewide Seismic Rehabilitation Program. Recommend California Seismic Safety Commission study and report to the Legislature by January 1, 1977. 991
2. Construction Funds. Recommend limiting availability of construction funds to one year. 992
3. Capital Outlay Fund for Public Higher Education. Recommend changing fund to allow use for state construction needs. 992
4. *San Diego. Reduce by \$69,000.* Recommend reduction in equipment funding for Marine Biology Building at Scripps Institute of Oceanography. 993
5. Davis. Withhold recommendation on electrical generating facility pending further information. 994
6. San Diego. Withhold recommendation on energy conservation improvements pending further information. 996
7. Irvine. Withhold recommendation on de-water of below grade structures pending adequate budget information. 997
8. Irvine. Recommend the Irvine campus reevaluate existing lawn and irrigated areas. 997
9. Irvine. Withhold recommendation on alterations to Physical Sciences I pending adequate budget information. 997
10. Berkeley. Withhold recommendation on Doe Memorial Library alterations pending adequate budget information. 997
11. Riverside. Withhold recommendation on humanities alterations pending adequate budget information. 998
12. Santa Barbara. Withhold recommendation on North Hall alterations for computer center pending adequate budget information. 998
13. Davis. *Reduce by \$84,000.* Recommend deletion of planning funds for veterinary medicine expansion. 998
14. *San Francisco. Reduce by \$987,000.* Recommend funding Langley Porter Neuropsychiatric Institute alterations Step 2 from bond funds under Item 416. 999

ANALYSIS AND RECOMMENDATIONS

The University of California capital outlay program totals \$47,653,000, in four items. This Item 396 contains \$7,579,000 from the Capital Outlay Fund for Public Higher Education (COFPHE). Item 397 contains \$4 million for minor capital outlay projects (\$100,000 and less) and Item 398 contains \$3.2 million all from the COFPHE fund. Item 416, page 1024 provides \$32,874,000 from the Health Sciences Construction Bond Act Program Fund for health science projects.

Instructional Capacity

We have pointed out for the past several years that enrollments in higher education are projected to increase at a slower rate, peaking in the early 1980's and then declining below current levels. The current level of enrollment is not projected to be reached again until the mid-1990's. The University system should follow this trend. We are aware that enrollments for fall 1975 are higher than expected. However, we believe this is an aberration which should not affect the long-range projections.

We proposed in our Analysis of the 1975-76 Budget Bill, that it would be unwise to fund projects that would provide capacity in excess of 1975-76 enrollment needs. We believe this proposal is still appropriate. This may require some crowding at some campuses during the latter portion of this decade. But it will be temporary and existing instructional related space within the University system should be adequate through the 1990's. There will be a continuing need for the University to evaluate existing space and propose alterations to meet changing enrollment and instructional program requirements.

Building Rehabilitations for Seismic Safety

We recommend the California Seismic Safety Commission undertake a study to determine the need for a statewide seismic safety rehabilitation program and report to the Legislature by January 1, 1977.

The Regents' budget request included eight projects which totaled nearly \$8 million for planning and/or construction projects for rehabilitation of existing buildings for seismic safety. The University's long-range planning indicates that a minimum of \$113 million is needed to provide seismic rehabilitation systemwide. The Budget Act of 1974 provided \$10 million for a portion of this plan. The majority of these funds have not been expended. This year's request is not included in the Governor's Budget.

It is apparent that any need in this area is a statewide concern and not limited to University buildings. In most cases, existing codes do not require rehabilitation of buildings to meet current code requirements. In fact, because codes are updated every three years it is virtually impossible to maintain a building within current code requirements. However, in certain buildings and/or geographical areas it may be desirable to upgrade to increase the factor of safety. At present there are no criteria upon which to base such a determination. We believe it would be appropriate for the California Seismic Safety Commission to undertake a study in this area to determine the need for such a statewide policy and report to the Legislature by January 1, 1977. The report should include, but not be limited to, (1) the need for a statewide policy, (2) criteria for evaluating rehabilita-

UNIVERSITY OF CALIFORNIA—Continued

tion needs (3) factors of safety that may be realized, (4) a system for prioritizing needs and (5) statewide fiscal implications.

The purpose of the Seismic Safety Commission is to strengthen earthquake safety in California by improving public policy, especially that related to reducing hazards and mitigating the effects of potentially damaging earthquakes. Thus, the proposed study would properly be undertaken by the commission. However, the legislation that created this commission (Chapter 1413, Statutes of 1974) provided for its termination 61 days after the final adjournment of the 1975-76 Legislative Session unless the date is extended. Thus, legislation may be required if the commission is to undertake the proposed study. If the commission is to be extended, the legislation should include specific objectives of the commission. A more detailed discussion concerning the commission is in our Analysis of Item 245, page 438.

Limit Availability of Construction Funds

We recommend that the availability of construction funds be limited to one year rather than three years.

Until the current fiscal year all funds in the capital outlay section of the Budget Act were available on a three-year basis. In the Budget Act of 1975, planning and working drawings funds were made available for one year only in an attempt to expedite construction projects. However, construction funds are still available for three years, which tends to delay projects. This is evident when one compares the time required for community colleges to go to construction against that required by others. The community colleges have nearly all projects committed to construction within one year of availability. This is because the Education Code requires that community colleges award a contract within the fiscal year that construction funds are appropriated in order to remain eligible for any state funded augmentation of the project. No such requirement is placed upon other segments of government and the result is a delay in construction projects or premature funding.

It is apparent from the community college record that if construction projects are properly planned they can be underway within one year of the availability of construction funds. Hence, in a further effort to expedite projects, and to encourage proper planning and funding, we recommend that construction funds be made available for one year.

Capital Outlay Fund for Public Higher Education

We recommend that the Capital Outlay Fund for Public Higher Education be retitled the "State of California Capital Outlay Fund" with the requirement that in each fiscal year, first call on these funds be for needs in higher education and that the remaining funds be available for use for other state capital outlay needs.

Current estimates indicate that approximately \$135 million will be available for appropriation from the Capital Outlay Fund for Public Higher Education (COFPE) in fiscal year 1976-77. Of this amount the Governor's Budget proposes \$57.6 million for capital outlay in education and \$5 million for instructional equipment and deferred maintenance in the sup-

port budget of the University of California. Thus, there could be as much as \$72.4 million remaining in the COFPHE fund if the Governor's Budget is approved.

Because the need for capital outlay expenditures in higher education has diminished from what it was during the mid-60's and early 1970's, the COFPHE fund probably will have a significant surplus each year. Retaining this surplus for the exclusive use of education does not seem appropriate when the state has capital outlay needs in other areas.

Proposed 1976-77 General Campus Major Capital Outlay Program

This item contains 29 projects totaling \$7,579,000, consisting of 27 general campus requests and two health science campus proposals. We have divided the projects into seven categories. The first six categories are in the same priority order as shown in the Regents' proposed program. The last category includes the two health science campus proposals. A discussion of each category and our recommendations for the individual projects follows.

A. Universitywide Projects

We recommend approval of the two projects under this category. Items 396(1) and 396(2).

The two projects in this category total \$400,000. Item 396(1) proposes \$200,000 for project programing and preliminary plans. Budget Bill language requires that these funds provide for (1) \$75,000 for 1977-78 utility and site development projects and programing/cost benefit analysis of projects to be proposed in the 1978-79 budget requests, and (2) \$125,000 for preliminary planning for those working drawings or working drawings/construction projects which are in the Governor's 1977-78 Budget. Similar language concerning expenditure of this category of funds was included in the Budget Act of 1975. Expenditure of funds in this manner provides improved project programing and expedites projects that are approved.

Item 396(2) provides \$200,000 for engineering and environmental planning studies. This will provide updating of campus long-range development plans, planning studies related to University/community needs, traffic, transit and parking studies and other studies not related to individual capital projects.

B. Equipment Projects

This category contains seven equipment requests for new building space or existing space which has been altered. A summary of the projects in this category and our recommendations for each are provided in Table 1.

All requests in this category, except Item 396(7), represent the need to make existing or altered facilities operable. The requested funds are within state supported equipment cost guidelines.

San Diego

We recommend a reduction of \$69,000 in Item 396(7), equip instructional and research building, Scripps Institute of Oceanography.

UNIVERSITY OF CALIFORNIA—Continued

The initial phase of equipment for this project was funded in the amount of \$142,000 under Item 394 (10), Budget Act of 1974. The remainder of the equipment list approved at that time was deferred on a timing basis and is requested in the 1976-77 Budget Bill. However, the requested funds exceed the apparent increase in equipment costs by \$69,000. We see no reason for this and believe the requested amount should be reduced accordingly.

Table 1
Equipment Projects

<i>Item</i>	<i>Project Title</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
396(3)	Life Science Unit 3.....	Los Angeles	\$470,000	\$470,000
396(4)	Library Unit 2	Santa Cruz	156,000	156,000
396(5)	Fire and police station.....	Davis	110,000	110,000
396(6)	Library addition	Santa Barbara	405,000	405,000
396(7)	Marine biology instruction and re- search building	San Diego (Scripps)	413,000	344,000
396(8)	Library building	San Diego (Scripps)	154,000	154,000
396(9)	Library alterations	Santa Barbara	137,000	137,000
	TOTAL		\$1,845,000	\$1,776,000

C. Utilities and Site Development, Group 1 Projects

We withhold recommendation of Item 396(10), electrical generating facilities Davis, pending further information.

Funds in the amount of \$771,000 were provided for this project in the Budget Act of 1975. Those funds were for working drawings and the purchase of long-lead time equipment items. Neither phase of the project has proceeded.

The request for the budget year is for \$440,000 to complete the project. However, the amount required is not certain at this time because the University has encountered difficulties in the design of the project. The fuel source for the proposed equipment has necessarily been changed from natural gas to oil. This resulted in reconsideration of the project and design. The University has not completed its reevaluation and therefore we have no basis upon which to recommend the project or the adequacy of the funds. We anticipate receipt of an economic analysis and design solutions prior to budget hearings.

D. Life Safety Projects

This category consists of three projects. A summary of the each project and our recommendations are provided in Table 2.

This category consists of three projects to correct code deficiencies, other than seismic, in existing buildings. The work involved includes items such as installation of fire alarm systems, emergency electrical systems, and water contamination control. This work does not exceed current code requirements and we believe the projects should proceed.

Table 2
Life Safety Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
396(11)	Fire alarm system additions, Step 2	wc	Berkeley	\$305,000	\$305,000
396(12)	Utilities and expansion	wc	Berkeley	672,000	672,000
396(13)	Fire protection, 1976-77....	wc	Davis	137,000	137,000
				<u>\$1,114,000</u>	<u>\$1,114,000</u>

^a Phase symbol indicates: w—working drawings; c—construction

E. Energy Conservation Projects

This category consists of five projects. A list of the projects and our recommendations for each are contained in Table 3.

Table 3
Energy Conservation Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
396(14)	Facilities control system..	w	Berkeley	\$89,000	\$89,000
396(15)	Energy conservation improvements	w	Davis	12,000	12,000
396(16)	Central control system	w	Davis	70,000	70,000
396(17)	Central control system	w	Los Angeles	70,000	70,000
396(18)	Energy conservation improvements	w	San Diego	<u>27,000</u>	<u>Pending</u>
TOTAL.....				\$268,000	\$241,000

These projects represent an earnest effort on the part of the University to conserve energy and, as a result to lower plant operation costs. The three control system projects will provide monitoring and control of building energy systems (i.e., lighting, heating/cooling, ventilation) from a central point. This will enable the campuses to shut down all or portions of building energy systems when not needed. It is our understanding that the University is attempting to expedite the planning phase of those projects and possibly will request construction funds during budget hearings. We encourage this attempt and hope to have adequate information to enable construction funding in the budget year. Based on preliminary information the University anticipates the following annual savings when the three projects are operational:

<i>Project</i>	<i>Campus</i>	<i>Annual Savings</i>
Facilities control system	Berkeley	\$554,605
Central control system	Davis	225,000
Central control system	Los Angeles	720,000 ^a

^a Estimate for complete project based on phase 1 information.

The Davis campus energy conservation improvements project Item 396(15) will provide (1) installation of energy recovery systems on build-

UNIVERSITY OF CALIFORNIA—Continued

ings which must operate on 100 percent outside air, (2) installation of small air-conditioning units at specific locations to enable larger units to be turned off during low demand periods and (3) re-switching of building lights to limit the number of lights per switch. The total estimated annual savings resulting from this project, based on preliminary information, is \$112,900.

San Diego

We withhold recommendation on Item 396(18) pending further information.

This proposal contains five separable conservation measures. The largest portion of the project is one item for modification of existing temperature control systems. This would provide replacement of building control systems with new systems to maintain temperatures between 68° F and 78° F. We have requested that the University reexamine the proposal in an attempt to accomplish the objective in a simpler, less costly manner. The University is doing this and should have the information available during budget hearings.

Another item of concern is a proposal to increase the outside air intake capability in the Central Library. The proposed project solution is quite expensive and we have requested the University to reevaluate it. Additional information on this item should be available during budget hearings.

The remainder of the project includes (1) insulation for various buildings, (2) extension of the central control system, and (3) installation of small air-conditioning units in specific areas to enable larger units to be turned off during low demand periods.

F. Alterations Projects

This category contains six projects. A list of the projects and our recommendations are provided in Table 4.

**Table 4
Alterations Projects**

<i>Item No.</i>	<i>Project Title</i>	<i>Phase</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
396(26)	De-water below grade structures	wc	Irvine	\$209,000	<i>Pending</i>
396(19)	Doe Memorial Library alterations.....	wc	Berkeley	1,221,000	<i>Pending</i>
396(20)	Additional elevator—engineering building ..	wc	Irvine	163,000	163,000
396(21)	Humanities alterations	wc	Riverside	228,000	<i>Pending</i>
396(22)	Alterations to Physical Sciences I	wc	Irvine	126,000	<i>Pending</i>
396(23)	North Hall alterations for computer center ..	wc	Santa Barbara	175,000	<i>Pending</i>
TOTAL				\$2,122,000	\$163,000

We concur with the need for each of the above proposals. However, adequate planning documents have not been prepared. Until these are

provided we cannot recommend the adequacy of the requested funds. The Budget Act of 1975 provided preliminary planning funds for those projects appearing in the Governor's Budget. This funding procedure was established to (1) expedite projects and (2) allow development of adequate documents for approved projects to enable proper budgeting. The University should immediately initiate the planning phase so that the intended results are realized. This information should be available during budget hearings.

A summary of the individual projects is provided below.

Irvine

We withhold recommendation on Item 396(26), De-water below grade structures and Item 396(22), Alterations to Physical Sciences I, pending additional information.

Further, we recommend that the University evaluate the effect of changing the lawn/irrigation areas into a more natural landscape area which would require less or no irrigation.

The Irvine campus has experienced an unusually high ground water condition. Much of this is a result of the irrigation required for the extensive lawn and landscaped areas. Because of this several major buildings and underground utility tunnels have an increasing inflow of water through their walls and basement slabs. A recent engineering report suggested that a well system appeared to be the most practical solution of de-watering. The University is currently conducting further soil tests and developing preliminary plans to determine the entire needs and costs for this proposal.

The request for an additional elevator for the Engineering Building at the Irvine campus will add a second elevator in an existing hoistway. The original design of the Engineering Building provided for one passenger elevator with a second shaft for a future elevator. A recent investigation by an elevator engineering consultant revealed that the need for vertical transportation now justifies the second elevator. In view of the existing hoistway, design and estimating for this project are quite simple and the requested funds should be adequate. Therefore, we have recommended approval.

The third request at the Irvine campus is for alterations to the Physical Sciences I Building. The project will provide additional ventilation in the freshman and sophomore chemistry laboratories and various other health and safety needs in several chemistry laboratories.

Berkeley

We withhold recommendation on Item 396(19), Doe Memorial Library alterations, pending additional information.

The request for alterations to Doe Memorial Library will complete an extensive series of alterations and rehabilitation projects for this building. This final phase includes replacement of inactive and inefficient heating coils, new supply and exhaust fans and duct work, renovation of approximately 2,650 square feet, alterations to provide access for the physically handicapped and renovation of eight elevator control panels.

UNIVERSITY OF CALIFORNIA—Continued**Riverside**

We withhold recommendation on Item 396(21), Humanities alterations pending additional information.

The humanities alterations project at this campus will alter the (1) theater auditorium area, (2) humanities stage area, (3) theater control booth, (4) theater scene shop, (5) studio theater and (6) ancillary theater rooms.

Santa Barbara

We withhold recommendation on Item 396(23), North Hall alterations for computer center, pending additional information.

This project will (1) modify the existing computer center by adding approximately 1,200 square feet of raised flooring and (2) alter four other rooms. The improvement of this space will alleviate cramped computer equipment space and user rooms. Included in the work is extension of both room and equipment air-conditioning systems.

G. Site Development, Group 2

This category contains two projects as discussed below.

Los Angeles

We recommend approval of Item 396(24), site development, 1976-77.

This project will complete the south portion of the Court of Sciences, a major circulation area of approximately 1.75 acres. The work includes planting materials, sprinkler systems, walkways and lighting. Preliminary planning documents have been prepared for this project. The estimated cost of \$185,000 is reasonable and we believe the project should proceed.

Santa Barbara

We recommend approval of Item 396(25), site development, 1976-77.

This request is for development of an unfinished site in the center of campus and southwest of the administration building. The project will provide planting areas, sprinkler systems, walkways and lighting. Preliminary plans have also been developed for this project. The estimated cost of \$134,000 is reasonable and we believe it should proceed.

H. Health Science Projects

This category contains two projects. A description of each and our recommendation follows.

Davis

We recommend deletion of Item 396(28), planning—veterinary medicine expansion, San Joaquin Valley, a reduction of \$84,000.

The Budget Act of 1974 provided \$200,000 from the Health Sciences Facilities Construction Program Fund (bonds) for program and planning studies for expansion of Veterinary Medicine education in California. In addition to this amount, the Budget Act of 1975 provided \$50,000 from the General Fund for preparation of a report recommending a location north of the Tehachapi and a location south of the Tehachapi for a field clinic.

for Veterinary Medicine. This report has been recently submitted and we are currently reviewing it. However, nearly all of the \$250,000 is still available. Hence, the need for additional funding in this area is not apparent.

In addition, the Postsecondary Education Commission is presently conducting a comprehensive survey of Veterinary Medicine in California. This survey should be made available and reviewed prior to committing the state to further expansion in the field of Veterinary Medicine.

In any case, if this item is to be funded, it is clearly a proposal that should be funded from the Health Science Facilities Construction Bond Act Program.

San Francisco

We recommend funding Item 396(27), Langley Porter Neuropsychiatric Institute Alterations, Step 2 from the Health Sciences Facilities Construction Bond Act Program under Item 416 rather than the COFPHE fund, a reduction of \$987,000.

This project provides for correction of fire and life safety hazards as required for licensed operation of the hospital. The areas to be altered total approximately 9,000 square feet in the basement and fifth floors. In addition, the project will replace a condemned 2,000 square foot outpatient psychotherapy center. Unless these deficiencies are corrected, the University must limit or discontinue use of the facilities for patients. If this were to occur, the University could not continue to instruct the number of students currently using these facilities. In our opinion, the project is directly related to the bond issue and should be funded from that source under Item 416.

UNIVERSITY OF CALIFORNIA

Item 397 from the Capital Outlay Fund for Public Higher Education

Budget p. 925

Requested 1976-77	\$4,000,000
Recommended approval	4,000,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This request represents a lump sum appropriation to be allocated for minor construction and improvement projects (\$100,000 and less per project) at each of the general and health sciences campuses and agricultural field stations.

Projects under this item, except for those related to capacity space and new space, are reviewed on a post-audit basis. All capacity-related projects and projects which provide new space must be submitted for review prior to inclusion in the Budget. Any proposed changes in approved projects

UNIVERSITY OF CALIFORNIA—Continued

must be approved by the Department of Finance and reviewed by the Legislative Analyst.

UNIVERSITY OF CALIFORNIA

Item 398 from the Capital Outlay Fund for Public Higher Education

Budget p. 925

Requested 1976-77	\$3,200,000
Recommendation pending	3,200,000

ANALYSIS AND RECOMMENDATIONS

Preliminary Plans, Working Drawings and Construct, replacement of R/V AGASSIZ, San Diego Marine Science (Scripps) \$3,200,000

We withhold recommendation pending further information.

This request is for \$3.2 million to replace the Scripps Institute of Oceanography research vessel R/V AGASSIZ. This vessel is 31 years old and has deteriorated to a point where replacement is appropriate, if continued operation of such a vessel is supportable. In addition, the annual operating cost is approximately \$163,000 greater than a new vessel because of international and coast guard rules regarding crew size.

The Scripps Institute of Oceanography has six research vessels and all but the AGASSIZ were built within the last 10 years. Before the state provides funds to replace the AGASSIZ we believe it would be reasonable for the University to provide the following:

1. Effect on state research program if the institute operates with only the five other vessels.
2. Description of University method for determining whether the vessel is being used for federal or state programs and how the funding level is established.
3. A cost-benefit analysis for leasing rather than purchasing a new vessel.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 399 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 966

Requested 1976-77	\$19,232,000
Recommended approval	8,706,000
Recommended reduction	4,508,000
Recommendation pending	6,018,000

SUMMARY OF RECOMMENDATIONS

	<i>Analysis page</i>
1. Redirection Policy. Recommend Chancellor's office implement a limited redirection policy and submit report detailing its efforts to the Joint Legislative Budget Committee by November 15, 1976.	1002
2. Campus Master Plan Enrollment Ceilings. Recommend Chancellor's office reevaluate campus master plan enrollment ceilings and report to the Joint Legislative Budget Committee by November 15, 1976.	1002
3. Three-year Capital Program. Recommend Chancellor's office reevaluate capital outlay program, considering existing space, projected enrollments and redirection.	1004
4. Statewide Seismic Rehabilitation Program. Recommend California Seismic Safety Commission study the need for statewide seismic safety program and report to the Joint Legislative Budget Committee by January 1, 1977.	1005
5. Construction Funds. Recommend limiting availability of construction funds to one year.	1005
6. Capital Outlay Fund for Public Higher Education. Recommend changing fund to allow use for state construction needs.	1006
7. <i>Statewide Preliminary Planning. Reduce by \$150,000.</i> Recommend reduction to reflect probable statewide planning needs.	1006
8. Humboldt. Withhold recommendation on utilities to library addition pending further information.	1008
9. <i>Bakersfield. Reduce by \$7,000.</i> Recommendation deletion of Central Plan III, equipment.	1008
10. <i>Hayward. Reduce by \$16,000.</i> Recommend deletion of site development 1977, working drawings.	1009
11. Bakersfield. Withhold recommendation on Fine Arts building pending additional information and compliance with California Environmental Quality Act (CEQA).	1009
12. Dominguez Hills. Withhold recommendation on physical education facility pending compliance with CEQA.	1010
13. Sonoma. Withhold recommendation on library addition pending compliance with CEQA.	1011

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

14. *Sacramento. Reduce by \$4,335,000. Recommend deletion of classroom-office building construction.* 1011.

ANALYSIS AND RECOMMENDATIONS

The California State University and Colleges (CSUC) capital outlay program totals \$23,232,000 to be funded from the Capital Outlay Fund for Public Higher Education (COFPHÉ). This item 399 contains \$19,232,000 for 26 major capital outlay proposals. Item 400 contains an additional \$4 million for minor (\$100,000 and less) capital outlay projects. A discussion of the minor capital outlay proposals is on page 1012 of our analysis.

Adequate Instructional Capacity Space Exists Within the CSUC System

During the past several years enrollments for higher education have been projected to increase at a less rapid rate, peaking in the early 1980's and dropping below current levels throughout the 1980's and to the mid-1990's. The CSUC system is expected to experience this trend. Even though enrollments for fall-1975 were higher than anticipated, we believe this to be temporary and should not affect long-range enrollment projections.

In our *Analysis of the Budget Bill, for 1975-76*, we suggested that in view of the enrollment projections it would be unnecessary to fund projects in excess of 1975-76 enrollment needs. We believe this policy is still appropriate. We realize that this may result in some overcrowding at some campuses during the latter part of this decade. However, it will be temporary and the existing campus space should be adequate into the 1990's. Table 1 compares current instructional capacity space with needs in 1975-76. The space needs are based on the Trustees' revised enrollment allocations dated November 10, 1975. It should be noted that the Postsecondary Education Commission is in the process of establishing class laboratory utilization rates for an 8:00 a.m. to 10 p.m. scheduling. Because this approval of longer utilization period than the current standard, would increase the class-laboratory capacities in Table 1.

Implement Existing Reduction Policy

We recommend that the Chancellor's office implement a limited redirection policy to improve utilization of systemwide space and negate the need to construct new instructional capacity space and report on efforts in this area to the Joint Legislative Budget Committee by November 15, 1976.

Further, we recommend that the Chancellor's office reevaluate existing campus enrollment ceilings after considering projected enrollment and existing capacity space and report to the Joint Legislative Budget Committee by November 15, 1976.

As indicated in Table 1, the CSUC system has excess capacity in both classroom and class-laboratory space. Ten campuses have excess capacity in both categories and only three have a deficit in both categories. At the 10 campuses with excess capacity there is sufficient classroom space for an additional 21,600 FTE. Current Department of Finance enrollment projections indicate a total growth to 1980-81 of approximately 8,000 FTE. This growth plus the apparent deficit in classroom space at three cam-

Table 1
California State University and Colleges
Full-Time Equivalent (FTE) Capacity Needs in 1975-76 Compared to Existing*

Campus	Classroom (FTE)			Class Laboratories (FTE)		
	Existing	Need 1975-76	Deficit (-) Excess (+)	Existing	Need 1975-76	Deficit (-) Excess (+)
Bakersfield	3,197	1,875	+1,322	437	246	+191
Chico	11,016	9,053	+1,263	1,163	1,319	-156
Dominguez Hills	5,853	4,517	+1,336	530	139	+391
Fresno	12,347	10,374	+1,973	1,443	1,365	+78
Fullerton	14,315	12,613	+1,702	1,113	1,220	-107
Hayward	12,414	6,895	+5,519	617	595	+22
Humboldt	6,140	5,193	+947	809	992	-183
Long Beach	17,356	18,396	-1,040	2,051	2,219	-168
Los Angeles	18,544	13,398	+5,146	1,809	1,138	+671
Northridge	16,107	16,369	-262	1,106	1,222	-116
Pomona	11,072	8,333	+2,739	1,298	1,183	+115
Sacramento	14,304	13,335	+969	1,029	948	+81
San Bernardino	3,308	2,747	+561	290	139	+151
San Diego	22,835	19,516	+3,319	2,016	2,059	-43
San Francisco	14,465	13,846	+619	1,493	1,823	-330
San Jose	19,829	15,700	+4,129	2,116	2,195	-79
San Luis Obispo	10,502	11,297	-795	1,947	2,288	-341
Sonoma	4,879	4,238	+641	527	376	+151
Stanislaus	3,518	2,214	+1,394	264	96	+168
TOTAL	222,001	190,519	+31,482	22,058	21,562	+496

* Includes space funded for construction prior to 1976-77.

puses (approximately 2,100 FTE) indicates a total space need for 10,100 FTE. Thus, the peak need could easily be met within existing space (and avert overcrowding) provided the Chancellor's office implements a limited redirection policy.

The Trustees have established enrollment master plan ceilings for each campus. Implicit in this is redirection of students when a campus reaches the enrollment ceiling. Our proposal is to implement this policy at compacted campuses before master plan enrollment ceilings are reached, rather than construct new space on these campuses and leave excess space at other campuses. In view of (1) projected enrollments and (2) existing instructional capacity space, we believe it would be appropriate for the Chancellor's office to reevaluate current master plan enrollment ceilings. We are not suggesting an arbitrary reduction in any campus enrollment ceiling. However, it appears that in many instances a downward revision would improve utilization of the CSUC system without impairing academic quality and without creating hardships for students.

Table 2, indicates that a significant number of CSUC students attend campuses other than the campus near their home county. While a limited number of these students must go to nonlocal campuses for specific degree programs (i.e., architecture, agriculture) the vast majority could undertake the desired program at their local campus or a noncompacted campus. Thus, redirection can be implemented and not interfere with programmatic needs.

A further discussion of this recommendation is under our Analysis of Item 360, page 858.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 2
CSUC Student Attendance Pattern

<i>Campus</i>	<i>Fall 1974 Headcount Enrollment</i>	<i>Local CSUC Students attending non-local CSUC campus^a</i>
Bakersfield	2,854	1,519
Chico	12,532	278
Fresno	14,741	912
Hayward	11,547	6,216
Humboldt	7,174	579
Sacramento	19,280	1,865
San Bernardino	3,457	4,021
San Diego	29,624	2,364
San Francisco	18,184	1,830
San Jose	25,457	4,624
San Luis Obispo	14,124	342
Sonoma	5,666	1,223
Stanislaus	2,770	1,063
Fullerton	19,813	
Dominguez Hills	5,709	
Long Beach	29,367	16,345 ^b
Los Angeles	22,702	
Northridge	24,837	
Pomona	10,336	
TOTALS	280,528	43,181

^a Number of CSUC students who do not attend the CSUC campus in their home county. (Based on fall-1974 enrollment data.)

^b Number of CSUC students from Los Angeles and Orange Counties who attend CSUC campuses other than Northridge, Los Angeles, Long Beach, Pomona, Dominguez Hills or Fullerton.

Trustees' Proposed Long-Range Capital Outlay Program

We recommend that the Chancellor's office reevaluate the current CSUC three year capital outlay program considering existing space, projected enrollments and redirection.

In July 1975, the Trustees released a five-year capital outlay program indicating a total need of \$304,686,000. This was revised in September 1975 to a three-year program totaling \$145,567,000. Approximately 30 percent of this amount would provide construction or planning for an additional 6,250 FTE of instructional capacity space. Neither of these programs was responsive to the projected enrollment trend. In fact both were based on enrollments two years after occupancy of the facilities, which is the period of projected peak enrollments. It is clear that capital outlay planning of this magnitude must be reevaluated because of: (1) The current excess instructional capacity space systemwide, (2) the potential savings and greater utilization of existing space to be realized through a moderate redirection policy and (3) a projected enrollment decline.

Need for Statewide Seismic Policy

We recommend that the California Seismic Safety Commission undertake a study to determine the need for a statewide seismic safety program and report its finding to the Joint Legislative Budget Committee by January 1, 1977.

The Trustees proposed 1975-76 capital outlay program includes as the number one priority a category entitled "Correct Structural, Health Safety and Code Deficiencies". The projects in this category represented upgrading of older buildings to meet current seismic and other code requirements. This category was omitted from the Governor's Budget.

Although existing codes do not require upgrading of existing buildings, it may be desirable in certain cases. However, the degree to which a building is upgraded and the resulting safety factor must be thoroughly evaluated. At the present time there are no criteria upon which such judgments can be made. Because this is a statewide concern and not limited to the CSUC system, we believe it would be appropriate for the California Seismic Safety Commission to study the needs in this area and provide a report to the Joint Legislative Budget Committee. This report should include, but not be limited to, (1) the need for such a policy, (2) the criteria for evaluating the need for upgrading buildings, (3) factors of safety that may be realized, (4) a system for prioritizing needs and (5) statewide fiscal implications.

The purpose of the Seismic Safety Commission is to strengthen earthquake safety in California by improving public policy especially that related to reducing hazards and mitigating the effects of potentially damaging earthquakes. Thus, the proposed study would properly be undertaken by the commission. However, the legislation that created this commission (Chaper 1413, Statutes of 1974) provided for its termination 61 days after the final adjournment of the 1975-76 legislative session, unless the date is extended. Thus, legislation may be required if the commission is to undertake the proposed study. If the commission is to be extended, the legislation should include specific objectives of the commission. A more detailed discussion concerning the commission is under our Analysis of Item 245, page 438.

Limit Availability of Construction Funds

We recommend that the availability of construction funds be limited to one year rather than three years.

Until the current fiscal year all funds in the capital outlay section of the Budget Act were available on a three-year basis. In the Budget Act of 1975 planning and working drawing funds were made available for one year only in an attempt to expedite construction projects. However, construction funds are still available for three years, which tends to delay projects. This is evident when one compares the time required for community colleges to go to construction against that required by others. The community colleges have nearly all projects committed to construction within one year of availability. This is because the Education Code requires that community colleges award a contract within the fiscal year that construction funds are appropriated in order to remain eligible for any state fund-

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

ed augmentation of the project. No such requirement is placed upon other segments of government and the result is a delay in construction projects or premature funding of construction monies.

It is apparent from the community college record that if construction projects are properly planned and funded at the proper time they can be underway within one year of the availability of construction funds. Hence, in a further effort to expedite projects and to encourage proper planning and funding, we recommend that construction funds be made available for one year.

Capital Outlay Fund for Public Higher Education

We recommend that the Capital Outlay Fund for Public Higher Education be retitled the "State of California Capital Outlay Fund" with the requirement that, in each fiscal year, first call on these funds be for needs in higher education and that the remaining funds be available for use for other state capital outlay needs.

Current estimates indicate that approximately \$135 million will be available for appropriation from the Capital Outlay Fund for Public Higher Education (COFPHE) in fiscal year 1976-77. Of this amount the Governor's Budget proposes \$57.6 million for capital outlay in education and \$5 million for instructional equipment and deferred maintenance in the support budget of the University of California. Thus, there could be as much as \$72.4 million remaining in the COFPHE fund if the Governor's Budget is approved.

Because the need for capital outlay expenditures in higher education has diminished from what it was during the mid-60's and early 1970's, the COFPHE fund probably will have a significant surplus each year. Retaining this surplus for the exclusive use of education does not seem appropriate when the state has capital outlay needs in other areas.

Proposed 1976-77 Capital Outlay Program

The Trustees' request for 1976-77 included 45 major capital outlay projects totaling \$40,538,000. The Governor's Budget proposes \$19,232,000 for 26 projects. We have separated the projects into the four descriptive categories and in priority order as presented in the Trustees' 1976-77 capital outlay program.

A. Statewide Planning

We recommend a \$150,000 reduction in Item 399(3), preliminary planning, 1977-78 projects.

This category includes three requests. A summary of these requests and our recommendation for each is reflected in Table 3.

Table 3
Planning Projects

Item	Project Title	Campus	Budget Bill Amount	Legislative Analyst Recommendation
399(1)	Master planning	Statewide	\$190,000	\$190,000
399(2)	General studies	Statewide	50,000	50,000
399(3)	Preliminary Planning	Statewide	250,000	100,000
		TOTAL	\$490,000	\$340,000

The request for statewide master planning will provide an average of \$10,000 for each operating campus. The amount provided each campus will vary and be dependent upon individual campus planning needs. The funds will provide for evaluation and readjustments of campus master plans necessitated by changing instruction program needs and the requirement to increase utilization of existing facilities.

The item for statewide general studies will provide for topographic surveys, engineering studies, utility studies, traffic studies and other miscellaneous studies necessary for physical planning of individual campus needs. These funds will also be provided on an "as needed" basis.

Preliminary planning funds of \$250,000 are provided for those projects included in the Governor's Budget for working drawings and/or working drawings/construction. Of this amount, a maximum of \$75,000 would be available July 1, 1976 for utility and site development projects. Based on the Trustees' three-year program and probable systemwide needs, it appears that the maximum planning funds necessary would be \$100,000. This amount would provide for planning those noninstructional capacity projects scheduled for 1977-78 in the Trustees' three-year program. Of this amount \$25,000 should be available July 1, 1976 for utilities and site development.

B. Projects to Make Existing and Funded Buildings Operable

This category contains sixteen projects consisting of one construction request and sixteen equipment requests. We recommend approval except for the construction request and one equipment request. A summary of the request under this category and our recommendations is provided in Table 4.

**Table 4
Projects to Make Existing and Funded
Buildings Operable**

Item No.	Project Title	Phase ^a	Campus	Budget Bill Amount	Legislative Analyst Recommendation
399(4)	Utilities to Library addition	wc	Humboldt	\$212,000	Pending
399(5)	Central Plant III	e	Bakersfield	7,000	0
399(6)	Initial cafeteria	e	Bakersfield	81,000	81,000
399(7)	Science Building II	e	Bakersfield	319,000	319,000
399(8)	Classroom office building	e	Dominguez Hills	318,000	318,000
399(9)	Theater arts building	e	Dominguez Hills	289,000	289,000
399(10)	Library addition	e	Humboldt	500,000	500,000
399(11)	Industrial technology building	e	Long Beach	500,000	500,000
399(12)	Old administration building conversion	e	Long Beach	68,000	68,000
399(13)	Creative arts building	e	San Bernardino	420,000	420,000
399(14)	Humanities classroom building	e	San Diego	225,000	225,000
399(15)	Architectural classroom building	e	San Luis Obispo	403,000	403,000
399(16)	Science building	e	Fresno	600,000	600,000
399(17)	Science building	e	Pomona	600,000	600,000
399(18)	Library addition	e	San Francisco	90,000	90,000
399(19)	Science 2, II	e	San Jose	423,000	423,000
Total				\$5,055,000	\$4,836,000

^a Phase symbol indicates: w-working drawings; c-construction; e-equipment.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Humboldt

We withhold recommendation of Item 399(4), utilities to library addition, pending further information.

The purpose of this project (\$212,000) is to provide electrical and water distribution services for the proper functioning of the library addition which is scheduled for completion in September 1976. The project will also relocate water lines that are in a hazardous area because of recent landslides. However, the extent of the utilities to be included under this project is unclear. In December 1975, the Trustees engaged an engineering firm to develop design and cost information. Until this information is available, the extent of the project and the adequacy of the requested funds cannot be determined.

Bakersfield

We recommend deletion of Item 399(5), Central Plant III, equipment, a reduction of \$7,000.

The Central Plant III construction project was funded in the Budget Act of 1975. The project added cooling and heating capacity to an existing central plant. The addition of this capacity does not justify the requested equipment funds. The central plant has been a functional operating facility for a number of years. Equipment for such ongoing operations is provided in the CSUC support and operations budget. If the Trustees believe this request is a high priority, it should be funded from that source.

C. Projects to Fully Utilize the Existing Campus

This category contains four proposals. A summary of the projects and our recommendations for each are provided in Table 5.

Table 5
Projects to Fully Utilize the Existing Campus

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
399(20)	Remove architectural barriers to handicapped	pwce	Statewide	\$500,000	\$500,000
399(21)	Site development 1977 (Hillary Street relocation)	w	Hayward	16,000	0
399(22)	Fine arts building (Little Theater)	c	Bakersfield	1,791,000	<i>Pending</i>
399(23)	Physical education facility	c	Dominguez Hills	4,007,000	<i>Pending</i>
TOTAL				\$10,314,000	\$500,000

^a Phase symbol indicates: p-preliminary planning; w-working drawings; c-construction; e-equipment.

Statewide

The request for funds for removal of architectural barriers to the handicapped represents an ongoing effort by the CSUC which was implemented in the Budget Act of 1973. A total of \$2.8 million has been provided for this purpose in the last three budget acts.

The Trustees indicate that the requested funds may be used as matching funds for federal assistance under the provisions of the Vocational Rehabilitation Act. The proposed funding will provide items such as ramps, restroom modifications, threshold and door modifications, handrails and building elevators.

Hayward

We recommend deletion of Item 399(21), site development 1977 (Hilary Street relocation) a reduction of \$16,000.

This request is for funds to share with the City of Hayward the cost of rerouting a city street that intersects the campus perimeter road. The state apparently would share in the following aspects of the project:

1. Exit and entrance ramps to the campus.
2. Additional widening of the basic road required for stacking lanes connected to the entrance and exit ramps.
3. Sidewalks required for the safety of students.
4. Dedication of an unspecified amount of right-of-way.

We have recommended deletion of this item for the following reasons:

1. Engineering traffic studies have not been completed. Therefore, the need for this project cannot be verified.
2. An Environmental Impact Report has not been prepared.
3. The city has hired an engineering consultant firm to undertake engineering and feasibility studies to determine potential alternate routes. This study has not been completed and the city council apparently has not acted upon this matter.

Bakersfield

We withhold recommendation on Item 399(22), fine arts building (Little Theater) pending information concerning nonstate funding of portions of the project and compliance with the California Environmental Quality Act (CEQA).

This request (\$1,791,000) is for state funding of a 500-seat little theater similar to facilities constructed on other CSUC campuses. The state funded facilities will total approximately 19,600 gross square feet (gsf) and will consist of a stage, arena theater and support areas. In addition to the state funding, the Trustees have indicated that Foundation gift funds will be used to construct an additional 5,600 gsf. The additional areas represent an enrichment beyond that normally supported by the state (i.e., larger arena theater, stage and green room). The estimated cost for this area totals \$473,850. It is not clear that this amount of funding is available from the Foundation. Because of this and because the added areas will be an integral part of the building and not separable for construction bidding purposes, we believe it would be appropriate for the Trustees to provide written certification that Foundation funds are available for (1) the cost

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

of the project as currently estimated and (2) any augmentations that may be necessary in order to award a construction contract.

Environmental Impact Report Compliance. In April 1973, the Trustees filed an Environmental Impact Report for the "construction, maintenance and operation of the campus for California State College, Bakersfield". However, the Trustees have apparently not prepared an Environmental Impact Report in accordance with the California Environmental Quality Act (CEQA), for this project. Until such a report is prepared and reviewed construction funds for this project should be withheld.

Dominguez Hills

We withhold recommendation on Item 399(23), physical education facility, pending compliance with CEQA.

This proposal (\$4,007,000) will provide a permanent gymnasium of approximately 64,600 gsf consisting of the main gymnasium, activity rooms, lockers and showers. This campus is the only campus within the system without any facilities of this type. Working drawings for this project were provided in the Budget Act of 1975. These documents are currently being prepared and the project is scheduled to be bid in the budget year and completed in March 1978.

Environmental Impact Report Compliance. An Environmental Impact Report has not been prepared for this project. In accordance with the California Environmental Quality Act, funds should be withheld until such a report is prepared and reviewed.

D. Projects to Provide Facilities for Enrollment Needs

This category contains four projects consisting of one working drawing request and three construction requests. A summary of the projects and our recommendations for each are provided in Table 6.

Table 6
Projects to Provide Facilities for Enrollment Needs

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
399(24)	Library III	w	Fresno	\$100,000	\$100,000
399(25)	Library addition	c	Sonoma	2,696,000	Pending
399(26)	Classroom office building	c	Sacramento	4,335,000	0
399(27)	Marine laboratory addition	c	Humboldt	242,000	242,000
TOTAL				\$7,373,000	\$342,000

^a Phase symbol indicates: w—working drawings; c—construction.

Fresno

The proposed Library III project represents an addition of 92,876 gsf plus remodeling of the existing library and instructional media center. Upon completion the library complex will provide space for 520,000 bound volumes and 2,600 reader stations. This space is within current state guidelines for an enrollment of 13,000 FTE; which is the current steady state enrollment at Fresno State University.

Environmental Impact Report Compliance. An EIR for this project has been filed, reviewed and approved.

Sonoma

We withhold recommendation of Item 399(25), library addition, pending compliance with the CEQA.

This proposal (\$2,696,000) provides for a 50,600 gsf addition to the existing library. Upon completion the library complex will provide for 244,000 bound volumes and 1,220 reader stations. This capacity is consistent with current state guidelines for a 6,100 FTE enrollment. The Sonoma campus has adequate instructional related capacity for such enrollment. In addition to the new library space, the proposed project will provide approximately 8,500 gsf for permanent location of the campus computer facilities. In our opinion, the project is justified and because working drawings have been started the project can be under construction in the budget year.

Environmental Impact Report Compliance. An Environmental Impact Report has not been prepared in accordance with the requirements of CEQA. Until this is done funds should be withheld.

Sacramento

We recommend deletion of Item 399(26), classroom-office building, a reduction of \$4,335,000.

This proposal is for construction of a 68,600 gsf facility providing classroom capacity of 1,466 FTE and 210 faculty stations. Working drawing funds for this project were provided in the Budget Act of 1974. However, the project approved at that time was slightly larger in that it proposed a total classroom capacity of 2,100 FTE. Working drawings for this project have not been started.

As illustrated in Table 1, page 1003, the Sacramento campus currently has an excess capacity of nearly 1,000 FTE in classroom space and 81 FTE in class-laboratories. In view of this excess capacity we believe it would be inappropriate to provide more space on this campus.

Environmental Impact Report Compliance. An Environmental Impact Report for this project has not been prepared in accordance with the California Environmental Quality Act. Funds should be withheld until such a report is prepared and reviewed in accordance with the requirements of that act.

Humboldt

This request represents a funding augmentation to a marine laboratory project that was funded for working drawings in the Budget Act of 1972 and for construction in the Budget Act of 1973. The project is an 8,700 gsf addition to an existing facility and will provide 96 lecture FTE and 27 laboratory FTE capacity space. The capacity space is included in Table 1, page 1003, which shows that the Humboldt campus has excess classroom space. However, this facility is located in the City of Trinidad several miles from the main campus. The existing marine laboratory facility is deficient in both lecture and laboratory space and the requested project will correct these deficiencies.

The augmentation requirement is necessary because of the unusually

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

long period of time required for planning the project. Although approximately three months were required to get coastal commission approval for construction of this project, the majority of the delays was apparently a result of uncertainties at the campus and scheduling within the State Office of Architecture and Construction. The project is currently in the working drawing stage and should be under construction in the beginning of the budget year.

Environmental Impact Report Compliance. An Environmental Impact Report has been prepared, reviewed and approved for this project.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 400 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 966

Requested 1976-77	\$4,000,000
Recommended approval	4,000,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This request represents a lump sum appropriation to be allocated for minor construction and improvement projects (\$100,000 and less per project) at each of the 19 campuses.

Projects under this item, except for those related to capacity space and new space, are reviewed on a post-audit basis. All capacity related projects and projects which provide new space must be submitted for review prior to inclusion in the budget. Any proposed changes in approved projects must be approved by the Department of Finance and reviewed by the Legislative Analyst.

CALIFORNIA MARITIME ACADEMY

Item 401 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 988

Requested 1976-77	\$291,900
Recommended approval	234,600
Recommended reduction	57,300

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

1. *Mechanical Utilities System. Reduce \$44,900. Recommend reduction in construction.* Recom- 1013
2. *Area and Street Lighting. Reduce by \$12,400.* Recom- 1013

mend deletion.

ANALYSIS AND RECOMMENDATIONS

- (1) Preliminary plans and working drawings—Corporation Yard, Phase II \$15,000

We recommend approval.

This proposal will provide the last phase of a project to replace existing corporation yard facilities. Replacement is requested because the buildings are (1) inadequate and antiquated and (2) improperly located on the campus. Phase II will provide approximately 4,000 assignable square feet consisting of shops, lockers, showers and office areas. The California State University and Colleges use \$27.77 per gross square foot as a cost guideline for buildings of this type, including built-in equipment. We believe this amount is adequate and suggest that the academy use this figure for a design guideline.

- (2) Construct—mechanical utilities system \$264,500

We recommend a reduction of \$44,900 to reflect current estimate.

During 1975-76, the Department of Finance under Section 28 of the Budget Act, reverted funds appropriated for a welding laboratory (\$45,900) in order to fund preliminary planning and working drawing funds for a mechanical utilities system (\$16,000) and a perimeter road (\$8,000). The remaining funds reverted to the Capital Outlay Fund for Public Higher Education. The Department of Finance and the academy determined that the welding laboratory was a low priority project that could be deferred.

The proposed project will provide sanitary sewer, gas, water and drainage utilities necessary for the master plan building program. Preliminary plans have been developed recently and working drawings should be started in February. The plans were completed subsequent to preparation of the Governor's Budget. As a result, the requested funds do not reflect changes brought about by State Fire Marshal review and a closer assessment of utility requirements. Because of this, the project cost has been reduced by \$44,900. Thus, the requested funds should be reduced accordingly.

- (3) Preliminary plans and working drawings—electrical distribution system, area and street lighting..... \$12,400

We recommend deletion in the amount of \$12,400.

This request is for funds to allow design and preparation of construction documents for area and street lighting in the new areas developed under the expansion program. Because there will be several new structures with some area lighting, we believe it would be proper to defer this project until the academy has had an opportunity to evaluate lighting needs based on actual conditions after development. The new facilities are anticipated to be completed in early 1977. Therefore, the academy could evaluate the area lighting needs and propose an appropriate project for the 1977-78 Budget Bill.

CALIFORNIA COMMUNITY COLLEGES

Item 402 from the Community
 College Construction Program
 Fund

Budget p. 996

Requested 1976-77	\$34,059,600
Recommended approval	25,088,700
Recommended reduction	2,379,600
Recommendation pending	6,591,300

SUMMARY OF RECOMMENDATIONS

*Analysis
 page*

1. Lassen College. Withhold recommendation on second well and water distribution pending compliance with the California Environmental Quality Act (CEQA). 1016
2. Laney College. Reduce by \$326,300. Recommend deletion of remodeling of existing building for art. 1016
3. Merritt College. Reduce by \$296,000. Recommend deletion of remodeled Old Library. 1016
4. Chaffey College. Reduce by \$195,300. Recommend deletion of classroom space from the auto shop and technical laboratory building. 1016
5. Contra Costa College. Reduce by \$107,000. Recommend deletion of classroom space from the applied arts, administration and maintenance complex. 1016
6. DeAnza College. Reduce by \$434,700. Recommend deletion of classroom building. 1016
7. College of the Siskiyous. Reduce by \$140,600. Recommend deletion of vocation education building. 1016
8. Southwestern College. Reduce by \$449,500. Recommend deletion of technology building No. 1. 1016
9. College of the Sequoias. Reduce by \$159,700. Recommend deletion of welding laboratory. 1016
10. Bakersfield College. Reduce by \$269,800. Recommend deletion of trade technical addition. 1016
11. Los Angeles Harbor College. Withhold recommendation on auto technical laboratory addition pending compliance with CEQA. 1016
12. College of the Sequoias. Withhold recommendation on remodel south wing of the Administration Building pending compliance with CEQA. 1016
13. Orange Coast College. Withhold recommendation on business education addition pending compliance with CEQA. 1016
14. Golden West College. Withhold recommendation on educational unit No. 1 pending compliance with CEQA. 1016
15. Orange Coast College. Withhold recommendation on chemistry building pending compliance with CEQA. 1016

16. Palomar College. Withhold recommendation on life and earth sciences building pending compliance with CEQA. 1016
17. Palomar College. Withhold recommendation pending compliance with CEQA. 1016
18. Santa Barbara City College. Withhold recommendation on marine technology building pending compliance with CEQA. 1016

ANALYSIS AND RECOMMENDATIONS

The 48 projects in the schedule under this item represent a total community college capital outlay program of \$62,039,344. The state participation (sharing ratio) in approved community college capital outlay projects is based on the formula established by Chapter 1550, Statutes of 1967, which takes into account the ratio of weekly student contact hours and assessed valuation districtwide and statewide. Based on this formula the state's share of the total program is \$34,059,600 with the remaining \$27,979,744 required to be funded by the individual districts.

The state funding for this program is proposed from the Community College Construction Program Bond Act of 1976 which is to go before the electorate in June 1976. Thus, the use of the proposed funds is contingent upon approval of the bond act by the electorate.

Need for Instructional Capacity Space

The Budget Act of 1975 placed a limitation on state aid apportionments tied to 105 percent of the average daily attendance (ADA) reported for the 1974-75 second principal apportionment. The Budget Bill proposes to continue this level of state funding participation for 1976-77 based upon the 1975-76 second principal apportionment. The second principal apportionment is based on an updated, refined ADA enrollment figure as of April of the fiscal year. This "cap" represents a recognized limitation on state funding participation in community college enrollments and resulting costs. It reflects a determination that the rate of growth reflected instructional programs and clients exceeding the state's responsibility. We support this and believe that the community college capital outlay program supported by the state should reflect this level of participation. However, the Chancellor's office continues to support and request state funding for capital outlay projects based on enrollment projections far in excess of this current state funding participation rate. Such inconsistency should not continue. In our opinion, the Department of Finance should provide state supported enrollment projections based on the "cap" and the Chancellor's office should utilize these projections.

Regardless of this limitation, enrollments in all of higher education (including community colleges) are projected to reach a peak in the early 1980's and then fall below current enrollments. It is not expected that the current level of enrollment will be reached again until the mid-1990's. Enrollments for fall 1975 are higher than expected, but we believe this is an aberration and should not affect the long-range projections. In our Analysis of the 1975-76 Budget Bill, we proposed that it would be unwise to fund projects that would provide capacity in excess of 1975-76 enrollment needs. We believe this proposal is still appropriate. This may require

CALIFORNIA COMMUNITY COLLEGES—Continued

some overcrowding during the latter portion of this decade. However, this will be short term, and instructional space (which was adequate for 1975 enrollments) should be adequate until the mid-1990's. Therefore, our recommendations for instructional capacity space in all three segments of higher education, including the community colleges, is based on these needs.

Proposed 1975-76 Capital Outlay Program

As we have indicated, the total number of projects in this item is 48. We have grouped the projects into the following four categories and provided a discussion of each category. The cost estimates for projects in each category are in line with similar projects experienced in the California State University and College campuses. The totals shown for each category represent the state's share only.

1. Site development and utility services \$1,349,600

We withhold recommendation of Item 415(4), second well and water distribution, Lassen College pending compliance with the California Environmental Quality Act (CEQA).

This category represents 4 percent of the proposed state participating program. It contains a total of six projects for power plants, site development and utilities. We recommend approval of all projects except the second well and water distribution project at Lassen College. An Environmental Impact Report has not been filed for this project. In accordance with the CEQA, funds should be withheld until such a report is approved.

2. Equipment \$1,358,800

We recommend approval.

This category contains 10 projects and represents 4 percent of the proposed state participating program. The buildings to be equipped include facilities for general academics, vocational technical, libraries and physical education.

3. Instructional capacity facilities \$24,118,900

We recommend reduction or deletion of nine projects as summarized in Table 1, a total reduction of \$2,378,900.

Further, we withhold recommendation of eight projects as summarized in Table 2, pending compliance with the California Environmental Quality Act (CEQA).

This category contains 19 projects representing 70.8 percent of the proposed state participating share. Based on existing campus capacity and enrollments for 1975 we recommend approval of all the projects except those identified in Table 1. The projects represent those that would provide instructional capacity space in excess of that needed for 1975-76 enrollments.

Environmental Impact Report Compliance

A total of eight projects that are justified based on campus capacity and enrollments have not had Environmental Impact Reports filed in compliance with the California Environmental Quality Act. Funds for these

projects should be withheld until compliance is accomplished. These projects are identified in Table 2.

Table 1
Instructional Capacity Facilities Providing Excess Campus Capacity

<i>Item No.</i>	<i>Project Title</i>	<i>Campus/District</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
402(24)	Remodel existing building for art.....	Laney/Peralta	\$326,300	0
402(25)	Remodel old library	Merritt/Peralta	296,000	0
402(27)	Auto shop and technical laboratory	Chaffey/Chaffey	1,021,200	825,900 ^a
402(34)	Applied arts, administration and maintenance complex	Contra Costa/ Contra Costa	2,550,000	2,443,000 ^a
402(38)	Classroom building	DeAnza/Foothill	434,700	0
402(42)	Vocational Education building.....	Siskiyou/Siskiyou	140,600	0
402(43)	Technology building #1	Southwestern		
		Sweetwater	449,500	0
402(44)	Welding laboratory	Sequoias/Sequoias	159,700	0 ^b
402(45)	Trade technical addition	Bakersfield/Kern	269,800	0
			<u>\$5,648,500</u>	<u>\$3,268,900</u>

^a Reduction reflects deletion of classroom space.

^b An Environmental Impact Report has not been filed in accordance with CEQA.

Table 2
Instructional Capacity Projects for which Environmental Impact Reports Have Not Been Filed

<i>Item No.</i>	<i>Project Title</i>	<i>Campus/District</i>	<i>Budget Bill Amount</i>
402(21)	Auto technical laboratory addition	Harbor/Los Angeles	\$31,900
402(26)	Remodel south wing of administration building	Sequoias/Sequoias	130,000
402(31)	Business education building.....	Orange Coast/Coast	369,100
402(32)	Education Unit #1.....	Golden West/Coast	1,776,800
402(33)	Chemistry building	Orange Coast/Coast	2,210,700
402(35)	Life and Earth science building.....	Palomar/Palomar	446,100
402(36)	Industrial technology building	Palomar/Palomar	1,050,200
402(39)	Marine technology building.....	Santa Barbara City/ Santa Barbara	414,600
			<u>\$6,429,400</u>

4. Libraries/learning resource centers

\$7,232,300.

We recommend approval.

This category contains three projects representing 21.2 percent of the proposed state participating share. Each facility is justified based on current state guidelines for facilities of this type. The proposed facilities will bring library space on these campuses in line with those guidelines.

RESOURCES AGENCY

Sections 2.5 (Items 403-404);
 2.6 (Items 405-408); and
 2.8 (Items 409-415) from various park bond funds.

Requested 1976-77 (Total all above items)	\$21,273,399
Recommendation pending	21,273,399

ANALYSIS AND RECOMMENDATIONS

We recommend special review.

Sections 2.5, 2.6 and 2.8 of the Budget Bill include the following items which are budgeted by departments within the Resources Agency for capital outlay projects and local grants from 3 bond programs.

Item	Description	Fund	Requested Appropriation
Section 2.5			
403	Department of Parks and Recreation—state park development	1964 State Beach, Park, Recreational and Historical Facilities Fund	\$248,790
404	Department of Parks and Recreation—state park acquisition and development	1964 State Beach, Park, Recreational and Historical Facilities Fund	Reappropriation
Section 2.6			
405	Department of Parks and Recreation—state park planning and development	Recreation and Fish and Wildlife Enhancement Fund	264,509
406	Department of Navigation and Ocean Development—minor capital outlay	Recreation and Fish and Wildlife Enhancement Fund	80,000
407	Wildlife Conservation Board—fish hatchery development	Recreation and Fish and Wildlife Enhancement Fund	21,000
408	Department of Parks and Recreation—state park development	Recreation and Fish and Wildlife Enhancement Fund	Reappropriation
Section 2.8			
409	Wildlife Conservation Board—acquisition of habitat area	1974 State Beach, Park, Recreational and Historical Facilities Fund	1,000,000
410	Department of Parks and Recreation—state park planning and surveys	1974 State Beach, Park, Recreational and Historical Facilities Fund	1,281,699
411	Department of Parks and Recreation—state park design and development	1974 State Beach, Park, Recreational and Historical Facilities Fund	5,366,599
412	Department of Parks and Recreation—state park acquisition	1974 State Beach, Park, Recreational and Historical Facilities Fund	Reappropriation
413	Department of Parks and Recreation—administration of local assistance grants	1974 State Beach, Park, Recreational and Historical Facilities Fund	146,631
414	Department of Parks and Recreation—local assistance grants	1974 State Beach, Park, Recreational and Historical Facilities Fund	12,864,171
415	Department of Parks and Recreation—local assistance grants	1974 State Beach, Park, Recreational and Historical Facilities Fund	Reversions
			\$21,273,399

We recommend the above items be placed under special review because the Department of Parks and Recreation has not made its final selection of capital outlay acquisition and development projects for the budget year. Following the department's final selection of projects, we will provide a supplemental analysis to the fiscal committees of all the items in order that the analysis will be contained in one document.

In our supplemental analysis of these items, we intend to recommend approval of Items 413, 414, and 415 for the Department of Parks and Recreation local assistance grant program. Local assistance grants are selected as prescribed in the bond act and represent decisions made by local government.

Status of State Park System Acquisitions

In prior analyses we have included a list of state park system acquisitions which are not completed in order to inform the Legislature of the magnitude of the acquisition program approved in prior Budget Acts and special bills and in order to consolidate the entire program into one document.

Table 1 shows the most current information relative to the department's acquisition backlog. The projects shown are all those which have been authorized from the State Beach, Park, Recreational and Historical Facilities Funds of 1964 and 1974, the Bagley Conservation Fund, the State Park Contingent Fund, the Off-Highway Vehicle Fund, the General Fund, the Park and Recreation Revolving Account, the Collier Preservation Fund and Hostel Facilities and Use Fees. Many of the acquisitions are partially completed as shown by the remaining balance of appropriations and the acreage not yet acquired.

The Real Estate Services Division of the Department of General Services estimates that three to four years will be required to complete the existing \$111 million program even if no new acquisition appropriations are added.

Table 1 does not include acquisition appropriations originally proposed for inclusion in the Budget Act of 1975 because the department's projects were not presented in time to be included in budget appropriations. Subsequently, these projects were incorporated into Assembly Bill No. 2329 (Z'berg) which is currently before the Legislature.

The amount of time required for acquisition of park properties has always been lengthy because of the time needed for survey, appraisal, negotiation and escrow activities. However, the recent addition of implied dedication determinations, owner relocation payments and more procedural safeguards for condemnation actions has served to substantially complicate the acquisition process. Prior to the current year when additional staff was authorized, the Office of Real Estate Services was also handicapped with insufficient staff to handle its workload. Improved progress is now apparent.

RESOURCES AGENCY—Continued

PARKS AND RECREATION

Table 1

Acquisitions Not Completed

APPROPRIATIONS AND EXPENDITURES AS OF OCTOBER 31, 1975

Funding provided by the State Beach, Park, Recreational and Historical Facilities Fund of 1964 and 1974; the Bagley Conservation Fund; the State Park Contingent Fund; the Off-Highway Vehicle Fund; the General Fund; the Park and Recreation Revolving Account; the Collier Park Preservation and Fund and Hostel Facilities and Use Fees

Project (Appropriations)	Amount Available	Expenditures	Balance	Acres	
				Acquired to Date	To Be Acquired
Annadel Farms (Ch 1068/75)	\$165,000	—	\$165,000	—	68.00
Año Nuevo (Ch 1484/74, Item 410.7B)	1,000,000	\$611,357	388,643	161.00	24.00
Anza Borrego (Item 382.2/74)	30,000	—	30,000	—	92.50
(Ch 1484/74, Item 410.7B)	1,100,000	33,664	1,066,336	—	2,513.77
Bear Harbor Ranch (Item 350/73)	2,035,000	1,033,153	1,001,847	3,430.00 (½ interest)	—
(Ch 1521/74)	250,000	—	250,000	—	Augmentation
Big Basin Redwoods (Item 382/74)	70,000	—	70,000	—	80.00
(Ch 1483/74, Item 410.7B)	250,000	1,616	248,384	—	173.00
Bodie SHP (Ch 1484/74, Item 410.7B)	75,000	—	75,000	—	225.00
Border Field (Ch 1484/74, Item 410.7B)	3,000,000	19,405	2,980,595	—	390.00
(Ch 927/75, Item A)	3,000,000	—	3,000,000	—	Augmentation
Bothe-Napa (Ch 1484/74, Item 410.7B)	650,000	5,272	644,728	—	597.00
Burton Creek (Ch 1064/73)	6,000,000	5,016	5,994,984	—	1,850.00
Candlestick Park (Item 350/73)	10,000,000	1,531,018	8,468,982	22.19	246.81
Carmel River (Ch 1484/74, Item 410.7B)	1,750,000	1,351	1,748,649	—	35.60
Castle Rock (Item 382/74)	30,000	—	30,000	—	85.00
(Item 367/75)	18,000	—	18,000	—	56.50
Century Ranch (Item 379/73)	5,700,000	4,859,498	840,502	2,630.00	Relocation
(Ch 1521/72)	7,000,000	4,107,601	2,892,399	1,022.00	119.53

Items 403-415

CAPITAL OUTLAY / 1021

Col. Allensworth (Ch 1484/74, Item 410.7B)	300,000	8,245	291,744	—	186.35
Columbia SHP (Ch 1484/74, Item 410.7B)	430,000	—	430,000	—	
Corral Beach (Ch 1521/74)	2,000,000	6,228	1,993,772	—	4.80
Cosumnes River (Ch 1484/74, Item 410.7B)	2,500,000	—	2,500,000	—	3,450.00
Caswell Memorial (Ch 1484/74, Item 410.7B)	50,000	6,683	43,317	—	13.00
Coyote River Parkway (Item 423/66)	2,500,000	2,139,845	360,155	467.29	Relocation
Cuyamaca Rancho (Ch 1484/74, Item 410.7B)	1,800,000	2,182	1,797,818	—	2,003.30
Delta Channels Islands (Ch 1484/74, Item 410.7B)	500,000	—	500,000	—	1,000.00
Doheny SB (Ch 1521/74)	750,000	945	749,055	—	2.91
Elk Creek Ranch (Item 350/73)	100,000	2,123	97,877	—	200.00
(Ch 1521/74)	250,000	—	250,000	—	Augmentation
El Capitan (Ch 1484/74, Item 410.7B)	2,500,000	65	2,499,935	—	300.00
El Presidio de Santa Barbara (Ch 1521/74)	100,000	6,518	93,482	—	Relocation
Empire Mine (Item 350/73)	1,500,000	1,478,930	21,070	776.68	2.84
Folsom Lake (Item 369/75)	400,000	—	400,000	—	175.00
Fort Ross (Item 350/73)	742,217	17,736	724,481	—	869.00
(Ch 1521/74)	750,000	—	750,000	—	Augmentation
Gaviota/Refugio (Item 423/66)	4,519,558	4,420,704	98,855	2,286.13	200.00
Gualala River (Ch 983/73)	55,000	8,003	46,997	—	51.00
Hendy Redwoods (Ch 983/73)	300,000	6,412	293,588	—	200.00
Hollister Hills (Ch 542/74)	1,400,000	856,362	543,638	2,848.00	—
Humboldt Redwoods (Item 318.1/72)	490,000	36,150	453,850	45.33	—
(Item 349/73)	489,600	—	489,600	—	—
(Item 382/74)	357,000	—	357,000	—	—
(Item 382.1/74)	135,000	—	135,000	—	—
(Ch 1484/74, Item 410.7B)	1,500,000	1,497,493	2,507	300.00	—
(Item 367/75)	300,000	—	300,000	—	138.87
Indian Grinding Rock (Ch 1201/75, Item 387N)	250,000	—	250,000	—	220.00

1022 / CAPITAL OUTLAY

Items 403-415

RESOURCES AGENCY—Continued

Inverness Ridge (Ch 1521/74)	500,000	1,394	498,606	—	830.95
Jetty Beach (Item 379/73)	500,000	1,916	498,084	—	55.40
Julia P. Burns (Ch 1484/74, Item 410.7B)	125,000	248	124,752	—	120.00
Las Tunas Beach (Ch 1521/74)	500,000	3,431	496,569	—	0.77
Leo Carrillo (Ch 983/73)	1,900,000	51,736	1,848,264	—	25.67
(Ch 1484/74, Item 410.7B)	1,000,000	815	999,185	—	Augmentation
(Ch 1521/74)	1,000,000	—	1,000,000	—	10.00
Little River (Item 318.2/72)	75,000	11,952	63,048	—	55.00
Los Lions Canyon (Ch 1077/75)	1,000,000	—	1,000,000	—	32.00
MacKerricher SP (Item 350/73)	175,000	63,992	111,008	10.25	0.95
Malibu Lagoon (Ch 1484/74, Item 410.7B)	3,150,000	1,323	3,148,677	—	27.56
Manchester SB (Item 350/73)	400,000	13,449	386,551	—	263.00
Manresa SB (Item 379/73)	1,100,000	517,534	582,466	45.86	1.59
Marin County (Ch 1020/75)	600,000	—	600,000	—	—
Mendocino Headlands (Item 350/73)	255,000	187,033	67,967	28.25	202.00
(Ch 1521/74)	550,000	—	550,000	—	Augmentation
(Ch 340/75)	200,000	—	200,000	—	10.31
Montana de Oro (Item 313/71)	950,000	82,309	867,691	—	Augmentation
Montara SB (Item 350/73)	65,000	2,568	62,432	—	54.00
Morro Bay (Ch 1514/74, Item 410.3H)	1,000,000	485,908	514,092	488.00	272.00
Mount Diablo (Item 350/73)	1,000,000	24,050	975,950	—	1,330.00
(Ch 1484/74, Item 410.7B)	3,000,000	—	3,000,000	—	1,000.00
(Item 367/75)	65,000	—	65,000	—	117.00
Newport & Laguna Beach (Item 410.2/74)	7,600,000	11,971	7,588,029	—	1,500.00
Ocotillo Wells (Ch 741/75)	2,100,000	—	2,100,000	—	12,000.00
Old Town San Diego (Item 350/73)	297,000	263,976	33,024	0.72	Relocation
(Item 379/73)	950,000	813	949,187	—	9.90
(Ch 1484/74, Item 410.7B)	350,000	729	349,271	—	Augmentation
Pacifica Beach (Ch 853/75)	250,000	—	250,000	—	30.00
Pan Pacific Park (Ch 987/75, Item 410.7D)	3,000,000	—	3,000,000	—	28.00

Items 403-415

Patrick's Point (Ch 1484/74, Item 410.7B)	500,000	5,581	494,419	—	200.00
Pescadero SB (Ch 1484/74, Item 410.7B)	560,000	1,192	558,808	—	393.45
Poppy Preserve (Ch 1521/74)	300,000	633	299,367	—	400.00
Pomponio (Item 379/73)	500,000	3,015	496,985	—	309.00
(Ch 1484/74, Item 410.7B)	150,000	6,093	143,907	—	14.70
Prairie Creek Red- woods (Ch 1521/74)	1,000,000	—	1,000,000	—	320.00
Pygmy Forest (Ch 1484/74, Item 410.7B)	1,400,000	12,838	1,387,162	—	642.00
Rancho Olompali (Ch 30/75, Item 410.9J)	172,000	—	172,000	—	—
Red Rock Canyon (Item 350/73)	350,000	19,028	343,771	—	7,545.00
(Ch 1521/74)	450,000	458	449,542	—	2,009.00
Refugio SB (Ch 1484/74, Item 410.7B)	1,100,000	8,782	1,091,218	—	42.00
Salt Point (Ch 1521/74)	1,100,000	910,629	189,371	192.00	33.00
San Elijo/Cardiff (Ch 1484/74, Item 410.7B)	2,000,000	533	1,999,467	—	3.70
San Luis Island (Ch 1484/74, Item 410.7B)	1,500,000	—	1,500,000	—	18,700.00
Santa Cruz Mountains (Ch 1423/72)	2,500,000	28,680	2,471,320	—	1,799.00
(Ch 744/75)	300,000	—	300,000	—	—
Santa Monica Moun- tains (Item 423/66)	8,000,000	7,741,885	258,115	2,293.77	Relocation
(Item 382/74)	1,326,000	1,107,034	218,966	1,153.99	—
(Item 401.1/74)	310,000	309,712	288	—	Augmentation
(Ch 1484/74, Item 410.7B)	3,900,000	1,091	3,898,909	—	1,577.00
Santa Monica/Pacific Ocean Park (Item 350/73)	1,800,000	1,504,774	295,226	3.00	Relocation
Schooner Gulch and Bowling Ball Beach (Ch 983/73)	200,000	20,184	179,816	—	47.00
(Ch 1521/74)	70,000	—	70,000	—	Augmentation
Shasta County/Horr Ranch (Ch 1484/74, Item 410.7B)	150,000	14,801	135,199	—	—
Simi Valley (Item 350/73)	3,000,000	2,140,786	859,214	3,383.00	Relocation
Sonoma Coast (Item 350/73)	3,925,000	1,759,972	2,165,028	430.13	845.51

PARKS AND RECREATION—Continued

South Carlsbad (Ch 1484/74, Item 410.7B)	3,000,000	1,943	2,998,057	—	36.00
Stanford Home (Item 379/73)	951,000	2,046	948,954	—	—
Standish Hickey (Item 367/75)	200,000	—	200,000	—	105.00
Sugar Pine Point (Ch 1484/74, Item 410.7B)	1,250,000	3,393	1,246,607	—	36.00
Tomales Bay (Ch 1521/74)	2,000,000	28,738	1,971,262	—	560.00
Topanga Canyon (Item 362/65)	6,899,000	6,160,659	738,314	31.21	130.00
(Item 322/72)	459,000	2,484	456,516	—	0.35
Torrey Pines (Item 382/74)	70,000	—	70,000	—	—
(Ch 1521/74)	200,000	1,583	198,417	—	7.16
(Ch 881/75)	250,000	—	250,000	—	5.27
Usal Ranch (Ch 1521/74)	500,000	—	500,000	—	2,440.00
Van Damme (Ch 1484/74, Item 410.7B)	220,000	—	220,000	—	169.00
(Ch 1521/74)	280,000	257,379	22,621	73.00	Relocation
Ward Creek (Item 382/74)	500,000	—	500,000	—	173.00
Wilder Ranch (Item 350/73)	6,000,000	4,738,024	1,261,976	3,035.15	—
TOTALS	<u>\$162,090,375</u>	<u>\$51,224,672</u>	<u>\$110,865,703</u>	<u>25,156.95</u>	<u>72,384.52</u>

Source: Department of Parks and Recreation.

Remarks: Some of the acquisitions shown are essentially completed except for minor property parcels, final escrow arrangements, or relocation of original owners.

UNIVERSITY OF CALIFORNIA

Item 416 from the Health
Sciences Facilities Construc-
tion Program Fund

Budget p. 930

Requested 1976-77	\$32,874,000
Recommended approval	13,716,000
Recommended reduction	16,664,000
Recommendation pending	2,494,000
Recommended augmentation	987,000
Net recommended approval	\$14,703,000

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

1. *Universitywide. Reduce by \$2,543,000.* Recommend a 1026 reduction in the reserve for cost rise augmentation.
2. *Davis. Reduce by \$3,423,000.* Recommend deletion of 1027

- equipment for medical sciences Unit 1.
3. *Davis. Reduce by \$1,830,000.* Recommend deletion of construction of alterations at Sacramento Medical Center. 1027
 4. *Davis. Reduce by \$335,000.* Recommend deletion of working drawings for replacement of seismically deficient patient care areas at Sacramento Medical Center. 1027
 5. *Davis. Reduce by \$1,675,000.* Recommend deletion of acquisition of the County Health Building, Sacramento Medical Center. 1027
 6. *Davis. Reduce by \$921,000.* Recommend deletion of working drawings and construction for Haring Hall alterations. 1027
 7. *Davis. Reduce by \$241,000.* Recommend deletion of working drawings and construction for Medical Surge III alterations. 1027
 8. *Davis. Reduce by \$3,261,000.* Recommend deletion construction of Veterinary Medicine Unit 2. 1027
 9. *Davis. Reduce by \$400,000.* Recommend deletion of equipment for Veterinary Medicine released medical surge space. 1027
 10. Irvine. Withhold recommendation on equipment for Orange County Medical Center 1976-77 1029
 11. Irvine. Withhold recommendation on equipment for community clinics pending further information. 1029
 12. *Irvine. Reduce by \$954,000.* Recommend deletion of equipment for Medical Sciences Unit 1. 1030
 13. Irvine. Recommend that the University increase the Irvine Medical School class size from 96 to 128. 1030
 14. *Los Angeles. Reduce by \$251,000.* Recommend deletion of equipment for the School of Dentistry building completion of unfinished space, Step 1. 1031
 15. San Diego. Withhold recommendation on improvements at the University Hospital. 1032
 16. *San Francisco. Reduce by \$830,000.* Recommend deletion of equipment for the School of Dentistry Building. 1033
 17. *San Francisco. Recommend augmentation of \$987,000.* 1033
Recommend funding the Langley Porter Neuropsychiatric Institute alterations, Step 2 project from the Health Science Facilities Construction Bond Act Program rather than from the Capital Outlay Fund for Public Higher Education.

ANALYSIS AND RECOMMENDATIONS

This item proposes \$32,874,000 from the Health Science Facilities Construction Program Fund for three universitywide allocation projects and 25 projects at seven campuses. The electorate in the 1972 general election approved a \$155.9 million Health Science Facilities Construction Program Fund to provide expansion, development and construction of health science facilities at the University of California. If this item is approved in

UNIVERSITY OF CALIFORNIA—Continued

the amount proposed, there will be approximately \$10 million remaining in the fund. A discussion of the proposed projects and our recommendations follow:

Universitywide

We recommend a reduction of \$2,543,000 in Item 416(1), reserve for cost-rise augmentation.

This category contains three projects as summarized in Table 1.

Table 1
Universitywide Health Science Proposals

<i>Item No.</i>	<i>Project Title</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
416(1)	Reserve for cost-rise augmentation	\$5,543,000	\$3,000,000
416(2)	Project programming and preliminary planning	50,000	50,000
416(3)	General and advance planning studies	50,000	50,000
	Total	\$5,643,000	\$3,100,000

The projects proposed in the 1975 Budget Bill are estimated at an Engineering News Record construction cost index of 2475, the projected index for July 1, 1976. Because the projects will not go to bid until sometime after July 1 most of the projects may require augmentation. In addition, there are several projects that were budgeted in prior years and have not proceeded. Many of these projects will also require augmentation. However, the Budget Acts of 1974 and 1975 provided a total of \$12.5 million for cost-rise augmentations. Of this amount approximately \$8.6 million has not been expended. Based on an estimated three-quarters of one percent per month inflation, the prior projects and the projects recommended for construction will require approximately \$11.6 million. Therefore the need for additional reserve for cost-rise augmentation is only \$3 million.

The two planning requests will provide (1) project programming and preliminary planning for projects to be proposed in 1977-78 and (2) preparation or updating of long-range development plans, master plans, planning studies not directly related to specific health science projects and special studies outside the scope of preliminary planning allocated to projects. The amount requested is reasonable and we recommend approval.

Berkeley Campus

We recommend approval of the four projects for Berkeley.

The proposal for the Berkeley campus includes two construction and two planning proposals. The projects and our recommendations are summarized in Table 2.

Optometry Building and Alterations to Minor Hall

The combination of these projects will provide an addition to the existing optometry building (Minor Hall) of approximately 30,000 assignable square feet (asf) and will remodel 14,000 asf within Minor Hall. This space plus approximately 8,000 asf in Cowell Hospital will provide a total of 52,000 asf to satisfy the physical space needs for an optometric program for

Table 2
Berkeley Health Science Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
416(4)	Optometry building (Minn Hall) addition	c	\$4,059,000	\$4,059,000
416(5)	Alterations to Minor Hall for optometry	c	417,000	417,000
416(6)	Warren Hall alterations for public health	pw	45,000	45,000
416(7)	Warren Hall life safety improvements.....	pw	50,000	50,000
Total			\$4,571,000	\$4,571,000

^a Phase symbol indicates: p-preliminary plans; w-working drawings; c-construct.

a total of 253 OD students, a graduate program in physiological optics of 25 students, an in-residence specialty program for 18 post-graduate optometry students and a continuing professional education program for practicing optometrists. In December 1975, the State Public Works Board approved preliminary plans for these projects and working drawings are under way. A negative declaration Environmental Impact Report for both projects was filed in August 1973. The scope of the project and the amount requested are reasonable and we recommend approval.

Warren Hall Alterations

The two projects requested for Warren Hall will (1) provide additional faculty offices, consolidation of administrative and clerical functions and permit the use of a laboratory for dry as well as wet laboratory functions, and (2) correct fire and life safety code deficiencies, isolate hazardous laboratories and correct code violations in the animal quarters. The two projects are completely interrelated and both should be funded. The scope of the projects is appropriate and we recommend approval.

Davis Campus

We recommend deletion of the eight projects requested for Davis, a reduction of \$12,086,000.

The proposed program for the Davis Health Science Campus includes four projects each for the medical school and veterinary medical school totaling \$7,213,000 and \$4,823,000 respectively. Table 3 summarizes this proposal and our recommendation for each project.

Continued Use of Sacramento Medical Center in Jeopardy

The University relies, for the most part, on the Sacramento Medical Center (SMC) for the clinical education component of the Davis Medical School instructional program. To achieve the level of controls deemed necessary by the University, it has the operational responsibility for SMC under contract with the County of Sacramento. Because of the (1) apparent deficiencies in the contract which shifts non-educational costs from the county to the University and (2) excessive capital cost implications, the Legislature included specific language in the Budget Act of 1975, requiring renegotiation of the contract.

Renegotiations have been underway since February 1975 but the outlook for a long-term agreement is not promising. To date the most that has been accomplished is the adoption of an interim agreement. It calls for payments by the County to the University of \$3.5 million annually for

UNIVERSITY OF CALIFORNIA—Continued

Table 3
Davis Health Science Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
416(8)	Medical Sciences, Unit 1	e	\$3,423,000	0
416(9)	Sacramento Medical Center improvements (alterations) 1975-76, 1976-77	wc	1,830,000	0
416(10)	Sacramento Medical Center, replacement of seismically deficient patient care areas	w	335,000	0
416(11)	County health building, Sacramento Medical Center	a	1,675,000	0
416(12)	Haring Hall alterations	pwce	921,000	0
416(13)	Medical Surge III alterations	pwc	241,000	0
416(14)	Veterinary Medicine, Unit 2	c	3,261,000	0
416(15)	Veterinary medicine release medical surge space	e	400,000	
Total			\$12,086,000	0

^a Phase symbol indicates: a-acquisition; p-preliminary plans; w-working drawings; c-construction; e-equipment.

1975-76, 1976-77 and 1977-78 plus \$2.4 million for prior years, and reimbursements for capital planning of up to \$600,000 if a long-term agreement is not reached. It also calls for termination of the contract by July 1, 1978 if a long term solution is not reached by July 1, 1977. However, agreement has not been reached on major issues relating to (1) the level of County financial responsibility for the care of medically indigent, and (2) an equitable determination and subsequent distribution and subsequent distribution of operating costs between those services that are required to insure an acceptable standard of patient care and those that are required solely for teaching purposes. We do not believe it would be prudent to provide capital funding under these conditions.

We believe the lack of a definitive long-term agreement which meets legislative mandate, raises questions about the capability of the medical school to continue its present clinical enrollments beyond July 1978. Accordingly under Item 346, page 793, we have recommended a 50 percent reduction in the 1976-77 entering MD class at Davis. Modifications of this magnitude in the MD class size will significantly alter the amount of physical space required on the Davis campus for the medical program. In turn, this will result in a substantial amount of space planned for the medical school becoming available for use by the veterinary medicine school. Hence, construction of the requested space for veterinary medicine would not be required.

Thus, because of the uncertainty concerning the Davis medical school and the interrelationship regarding physical space for the veterinary medical school, we have recommended deletion of all capital requests related to these programs.

Environmental Impact Report. A negative declaration Environmental Impact Report had been filed and approved for a larger Veterinary

Medicine Unit 2 project. The University has substantially reduced the scope of the project since filing that report. The University does not intend to file a new report. It is not clear if this will satisfy the requirements of the California Environmental Quality Act.

Irvine Campus

We withhold recommendation on two projects requested for Irvine, as summarized in Table 4.

Further, we recommend deletion of Item 416(17), equip Medical Sciences Unit 1, a reduction of \$954,000.

The program for the Irvine Health Sciences consists of four projects totaling \$5,204,000. This program and our recommendation are summarized in Table 4.

Table 4
Irvine Health Science Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
416(16)	Orange County Medical Center 1976-77	e	\$1,500,000	<i>Pending</i>
416(17)	Medical Sciences, Unit 1	e	954,000	<i>0</i>
416(18)	Community Clinics	e	250,000	<i>Pending</i>
416(19)	Orange County Medical Center	a	2,500,000	<i>2,500,000</i>
Total			\$5,204,000	<i>\$2,500,000</i>

^a Phase symbol indicates: a-acquisition; e-equipment.

Orange County Medical Center

The Irvine Medical School has been utilizing the Orange County Medical Center (OCMC) under an affiliation agreement. To achieve the level of control deemed necessary by the University, an agreement for operational responsibility of OCMC was initiated between the University and the County of Orange in October 1974. Similar to the contractual agreement at Sacramento Medical Center, the proposed OCMC agreement shifted non-educational costs from the county to the University. Because of this, the Legislature included specific language in the Budget Act of 1975 requiring renegotiation of the OCMC agreement.

Contrary to the results at Sacramento, the agreement for OCMC reasonably reflects the Legislative mandate. This revised agreement has been signed by the county and approved by the University Board of Regents in January 1976. The agreement also includes an option for the University to purchase the land base at OCMC for the current appraised value of \$2.5 million if purchased prior to January 1, 1977. This differs from the original agreement that included purchase of buildings and equipment only. Thus, the total cost to purchase OCMC is \$8 million. Of this amount a total of \$5.5 million has been appropriated in the Budget Acts of 1974 and 1975 and \$2.5 million is proposed in the Budget Bill under Item 406(19). We believe the purchase is appropriate and recommend approval.

UNIVERSITY OF CALIFORNIA—Continued**Recommendation Withheld On Two Projects**

Until January 1976, negotiations for the OCMC agreement were underway. Because of this we deferred reviewing capital outlay requests related to OCMC. We anticipate meeting with the University to discuss these projects early in February 1976. Therefore, we have withheld recommendation on Items 416(16) and (18) pending this review.

Medical Sciences Unit 1

We recommend deletion of Item 416(17), equip Medical Sciences Unit 1, a reduction of \$954,000.

Planning and construction for the Medical Sciences Unit 1, at the Irvine campus has been delayed because of the uncertainty regarding OCMC. It is our understanding that the working drawings for this facility are nearly complete and that construction could begin in the spring of 1976. The facilities will contain nearly 103,000 assignable square feet and will house 11 different departments. The building will be of a modular design providing seven similar building units. Each unit will contain 12 laboratories, laboratory support space, 12 faculty offices and departmental offices. The design is flexible and will allow for expansion. However, the construction time will require approximately two years. Because of this time period we believe funding equipment in this fiscal year would be premature.

Increase Medical School Class Size

We recommend that the University increase the Irvine Medical School class size from 96 to 128.

The Irvine Medical School is projected to have fewer students per class than any other health science campus within the University. In view of the abundance of clinical facilities in the Orange County area and the apparent need for an increase in the MD graduates, we believe the medical school at Irvine should be increased by 32 students per class to provide a total class enrollment of 128. As shown in Table 5 the Irvine campus has the same number of teaching hospital beds as San Diego and more in-patients/out-patients than San Diego and yet the San Diego class size is 128. The ratio of in-patient days per student for campuses other than Irvine range from 282 at San Francisco to 292 at Los Angeles. For out-patient visits per student at teaching hospitals, these campuses have a range of 330 at San Francisco to 363 at Davis. In comparison, the Irvine campus has an in-patient days/student ratio of 313 and out-patient visits/student ratio of 551.

It is apparent that there are adequate clinical facilities at Irvine to provide for a class size of 128. However there may be a need to increase the basic science space on the Irvine campus by approximately 10,000 asf. Because the Medical Science Unit 1 facility at Irvine is proposed as a module facility that can be expanded, the addition of this square footage should be no problem. Based on current construction costs this amount of space would require approximately \$1 million. In addition, the annual operating costs would increase by approximately \$350,000 per class. When enrollments reach 128 in each of the four classes, the added annual operat-

ing costs would be \$1,400,000.

Table 5
Comparison of University Health Sciences
Teaching and Affiliated Hospital Inpatient Beds and Patients

Campus	Teaching Hospitals ^a			Affiliated Hospitals ^a		
	Inpatient beds	Annual Inpatients ^b	Annual Outpatient ^c	Inpatient beds	Annual Inpatients	Annual Outpatients ^c
Davis	407	140,000	178,000	458	n/a	57,000
Irvine	425	131,000	231,000	1,684	n/a	275,000
Los Angeles	679	210,000	238,000	6,375	n/a	1,135,000
San Diego	425	118,000	118,000	586	n/a	98,000
San Francisco	560	170,000	201,000	983	n/a	203,000

^a Proposed 1976-77

^b Days of care

^c Visits

n/a—Not available

Los Angeles Campus

We recommend deletion of Item 416(20), equip School of Dentistry Building, completion of unfinished space, Step 1, a reduction of \$251,000.

The proposal for the Los Angeles campus includes one equipment and one construction project, as indicated in Table 6.

Table 6
Los Angeles Health Science Projects

Item No.	Project Title	Phase ^a	Budget Bill Amount	Legislative Analyst Recommendation
416(20)	School of Dentistry building, completion of unfinished space, Step 1	e	\$251,000	0
416(21)	Health Sciences Center, correct safety deficiencies	c	1,362,000	1,362,000
	Total		\$1,613,000	\$1,362,000

^a Phase symbol indicates: e-equipment; c-construct

School of Dentistry

We recommend deletion of Item 416(20).

Working drawings for the completion of the School of Dentistry building have not started and construction will probably not be completed in the budget year. In addition, an equipment list substantiating the request has not been provided. Therefore, because of the status of the project and lack of substantiation for the equipment request we recommend deletion.

Health Sciences Center

The construction request to correct safety deficiencies in the Health Sciences Center is phase 2 of a three phase project to correct fire and life safety code deficiencies as well as public health code requirements. The initial phase of this project is planned to be under construction by March 1976 and completed by April 1977. Working drawings for phase 2 are currently underway and construction should begin in the budget year.

UNIVERSITY OF CALIFORNIA—Continued

Riverside Campus

We recommend approval.

The single request for the Riverside campus, Item 416 (22), is to provide \$668,000 for equipment for campus spaces altered for the Riverside medical education program. The space consists of approximately 26,000 asf in existing buildings to accommodate the Riverside/Los Angeles program in biomedical sciences. The class size at Riverside will be 24 students with a total of 48 students enrolled in the first two years of the MD curriculum. The third and fourth year of the medical program will be at the Los Angeles campus. The requested equipment is appropriate and we recommend approval.

San Diego Campus

We withhold recommendation on Item 416(24), improvements at the University Hospital, pending further information.

The request for San Diego health science campus includes one equipment and one construction project as summarized in Table 7.

Table 7
San Diego Health Science Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
416(23)	South wing addition, University Hospital	e	\$967,000	\$967,000
416(24)	Improvements at University Hospital.....	pwc	744,000	<i>Pending</i>
	Total.....		\$1,711,000	\$967,000

^a Phase symbol indicates: e-equipment; p-preliminary plans; w-working drawings; c-construct

South Wing Addition

The south wing addition at the University Hospital consists of nearly 32,000 asf for outpatient services. The facility is under construction and scheduled for occupancy in April 1977. The requested equipment is appropriate and we recommend approval.

Improvements at University Hospital

The request for improvements at University Hospital consists of seven individual projects. The request is a continuation of a multi-phase improvement program. This program has been undertaken in a haphazard manner without benefit of master planning. The University intends to increase the current 330 operating beds to 425 and anticipates growth in diagnostic and support service requirements. We have requested development of a master plan and a space/functional analysis so that an overview of the total anticipated needs can be obtained and proper planning can proceed. Until this information is available we withhold our recommendation.

San Francisco Campus

We recommend deletion of Item 416(26), equip School of Dentistry Building, a reduction of \$830,000.

Further, we recommend including a new item for Langley Porter Neuropsychiatric Institute alterations, Step 2, an augmentation of \$987,000.

The proposal for the San Francisco campus contains four projects totaling \$1,378,000. This program and our recommendations for each project is summarized in Table 8.

**Table 8
San Francisco Health Science Projects**

Item No.	Project Title	Phase ^a	Budget Bill Amount	Legislative Analyst Recommendation
416(25)	Medical Sciences building, alterations, Step 1 (dentistry and electrical).....	e	\$185,000	\$185,000
416(26)	School of Dentistry building.....	e	830,000	0
416(27)	Clinics and medical sciences building alterations, Step 2.....	pw	26,000	26,000
416(28)	Medical Sciences building, alterations, Step IA, School of Pharmacy.....	wce	337,000	337,000
416(—)	Alterations, Step 2 Langley Porter Neuropsychiatric Institute.....	wc	^b	987,000
Total.....			\$1,378,000	\$1,535,000

^a Phase symbol indicates: p-preliminary planning; w-working drawings; c-construct; e-equipment

^b Proposed for funding from the COPPHE fund under Item 396.

Medical Sciences Building Alterations, Step 1

Alterations Step 1, of the medical sciences building provides (1) additional space for the School of Dentistry (14,436 asf) and (2) improvements to the electrical service throughout the building. The altered space should be available for occupancy in the budget year and the requested equipment funding is appropriate.

School of Dentistry Building

We recommend deletion of Item 416(26).

This project has experienced an extensive delay because of litigation concerning the Environmental Impact Report. Because of this the viability of the project is uncertain. If construction is approved it would require approximately two years to complete. Therefore the equipment request is premature and we recommend deletion.

Clinics and Medical Sciences Alterations, Step 2

This project is the second of a three phased project to alter existing space for the School of Dentistry. This project entails renovating 4,628 asf on the fifth floor of the medical sciences building, to provide research laboratories and academic and administrative offices. The project is part of the University's master plan to provide a total of 162,000 asf for the School of Dentistry at San Francisco.

UNIVERSITY OF CALIFORNIA—Continued**Medical Sciences Building Alterations, Step 1A, School of Pharmacy**

This proposal is for the alteration of approximately 3,500 asf on the first floor of the old clinics building to provide 23 faculty and staff offices and support area for the School of Pharmacy. The project will consolidate the division of clinical pharmacy and provide private offices for the clinical faculty. The project scope and cost is in order and we recommend approval.

Langley Porter Neuropsychiatric Institute

We recommend funding the Langley Porter Neuropsychiatric Institute alterations, Step 2 project from the Health Sciences Facilities Construction Bond Act Program rather than from the Capital Outlay Fund for Public Higher Education, an augmentation of \$987,000.

The Budget Bill proposes funding this project under Item 396 from the Capital Outlay Fund for Public Higher Education. The project provides for correction of fire and life safety hazards as required for licensed operation of the hospital. Unless these deficiencies are corrected the University must limit or discontinue the use of the facilities for patients. If this were to occur, the University could not continue to instruct the number of students currently using these facilities. In our opinion, the project is directly related to the bond issue and should be funded from that source. Correspondingly we have recommended deletion of this project under Item 396, page 999.

CONTROL SECTIONS

Sections 4 through 35 of the Budget Bill are the so-called "control sections" which place limitations upon the expenditure of certain appropriations, extend or terminate the availability of certain specified prior appropriations, define the authority of the Director of Finance with respect to reductions and transfers within and between categories of expenditure and contain the usual severability and urgency clauses.

Although significant fiscal policy is contained in these sections, particularly with respect to extending the availability of prior appropriations, these sections have not been received by us in time to permit adequate review for purposes of recommendations to be incorporated in this analysis. These control sections will be analyzed and a recommendation thereon made to the committees in hearings on the Budget Bill.