

CAPITAL OUTLAY SUMMARY

The Budget Bill includes \$552.8 million from all sources for capital outlay. This is \$67.3 million—13.9 percent—more than the appropriation contained in the 1979 Budget Act. The most significant changes from the current year appropriations are:

State and Consumer Services	\$ + 11.2 million
Business and Transportation	— 19.6 million
Resources	— 25.4 million
Correctional Programs	+ 125.7 million
Health and Welfare	— 17.8 million
Postsecondary Education	— 5.4 million

Table 1 shows how the capital outlay amounts in the Budget Bill are distributed by fund among major categories.

Table 1
Summary of 1980-81 Budget Bill Capital Outlay Appropriation

<i>Category</i>	<i>General Fund</i>	<i>Special Fund^a</i>	<i>Bond Funds</i>	<i>Total All Sources</i>
Legislative/Judicial/Executive.....	\$216,966	—	—	\$216,966
State and Consumer Services.....	48,456,571	\$1,199,900	—	49,656,471
Business and Transportation	28,000	170,948,508	—	170,976,508
Resources.....	7,730,181	17,073,707	\$15,152,071	39,955,959
Health and Welfare	96,269,600	8,167,480	—	104,437,080
Correctional Program	129,891,728	—	—	129,891,728
Education	—	42,753,700	1,295,000	44,048,700
General Government.....	13,616,756	—	—	13,616,756
Totals	\$296,209,802	\$240,143,295	\$16,447,071	\$552,800,168

^a Includes \$12,102,699 from the Energy and Resources Fund which has not been established by the Legislature.

General Fund

Approximately \$296.2 million—53.6 percent—of the total amount proposed for capital outlay is from the General Fund. This is \$123.3 million, or 71.3 percent, higher than the General Fund appropriation in the 1979 Budget Act. However, if the proposals for new prisons (\$100,000,000) and renovation of existing prisons (\$20,000,000) are excluded, the General Fund appropriation is only \$2.3 million greater than the appropriation in the 1979 Budget Act. The largest amounts are for the Departments of General Services (\$47.8 million), Developmental Services (\$70.4 million), Mental Health (\$22,000,000), and Corrections (\$127.9 million), plus \$12.5 million under general government for unallocated capital outlay. The remainder consists of relatively smaller amounts for 21 other departments.

The amount provided for the Department of General Services is related to development of office buildings in Sacramento and Van Nuys, planning for new office buildings in San Francisco and Oakland, plus alteration of

existing state buildings to meet fire and life safety code requirements. The Department of Developmental Services' proposal is principally related to fire and life safety corrections at state hospitals. This correction program should be completed in 1981-82. Funding for the Department of Corrections includes \$100,000,000 for new prison facilities, \$20,000,000 for renovation of prisons and miscellaneous improvement proposals at existing prisons. Under general government, there is a lump-sum unallocated \$12.5 million to provide an augmentation source for General Fund capital outlay projects.

Education

The capital outlay program for education represents approximately 8 percent of the total proposed capital outlay appropriation. The program is funded entirely from special funds—Capital Outlay Fund for Public Higher Education—and bonds. For the first time, the budget proposes 100 percent state funding for a portion of the community college capital outlay program. The 100 percent state funding is contingent on passage of enabling legislation. Table 2 compares the education appropriations contained in the Budget Act of 1979 and the Budget Bill as introduced.

Table 2
Capital Outlay for Education
Comparison of Appropriations
Budget Act of 1979 and Budget Bill of 1980-81

<i>Segment</i>	<i>Fund^a</i>	<i>Budget Act of 1979</i>	<i>Budget Bill 1980-81</i>
University of California	COFPHE	\$14,683,500	\$17,480,000
University of California	ERF	—	758,000
University of California	Regents'	—	330,000
University of California	Health Science Bonds	5,022,000	1,295,000
Hastings College of Law	COFPHE	626,000	776,000
California State University and Colleges	COFPHE	21,083,400	10,019,500
California State University and Colleges	ERF	—	1,606,000
California Maritime Academy	COFPHE	128,180	—
California Community Colleges	COFPHE	4,917,900	11,584,200
California Community Colleges	ERF	—	200,000
California Community Colleges	Bonds	2,959,800	—
Department of Education	General	40,000	—
Totals		\$49,460,780	\$44,048,700 ^b

^a COFPHE—Capital Outlay Fund for Public Higher Education

ERF—Energy and Resources Fund (nonexistent fund).

^b Does not include \$1,848,000 federal funds for the University of California—reported under Item 556.

Status—Capital Outlay Fund for Public Higher Education

In 1966, the Legislature established a Capital Outlay Fund for Public Higher Education (COFPHE). Revenue to the COFPHE comes from income earned on lands administered by the State Lands Commission, the major component being tidelands oil. Total income from state lands is distributed in accordance with existing law which requires that after specific commitments are met (totalling approximately \$40 million), the total remaining revenue is deposited in the COFPHE. Historically, the

SUMMARY—Continued

COFPHE has provided capital improvements for the University of California, California State University and Colleges, California Maritime Academy and the state's proportionate share in the California Community College capital program. Except in a limited number of instances (such as development for new schools for the deaf and blind), expenditure of monies in the fund has been restricted to higher education capital outlay.

Table 3 summarizes the status of the COFPHE, taking into consideration proposals contained in the 1980-81 Budget Bill.

Table 3
Fund Condition
Capital Outlay Fund for Public Higher Education

Available for appropriation June 30, 1979	\$62,417,837
Estimated revenue—tidelands oil 1979-80	<u>250,100,000</u> ^a
Subtotal	\$312,517,837
Expenditures 1979-80	<u>-46,127,053</u>
Subtotal	\$266,390,784
Estimated revenue—tidelands oil 1980-81	<u>414,500,000</u> ^b
Available for appropriation in 1980-81	\$680,890,784
Governor's 1980-81 Budget	
Higher Education	<u>-47,859,700</u>
Potential Surplus June 30, 1981	\$633,031,084

^a Legislative Analyst's estimate based on State Lands Commission information.

^b State Lands Commission estimate.

The Governor's Budget indicates that the administration is proposing legislation, to be effective July 1, 1980, to annually allocate the tidelands oil revenue which would otherwise be deposited in the COFPHE in the following manner:

- One-third to the COFPHE
- One-third to a newly created Energy and Resources Fund
- One-third to the General Fund.

If such legislation is enacted, the potential surplus in the COFPHE on June 30, 1981, would be \$356.7 million.

Alternative Use of Tidelands Oil Revenues

We recommend that legislation be enacted to allow use of the tidelands oil revenue that otherwise would go to the COFPHE for either (1) any General Fund purpose, or (2) all state capital outlay needs except certain special fund agencies.

The COFPHE was established at a time when enrollments in higher education were increasing at a rapid rate and new campuses were being developed throughout the state. Enrollments are no longer increasing at the earlier rates, and in fact in most areas are projected to decline and stabilize until possibly the turn of the century. Additionally, except in a few cases, the physical facilities at higher education campuses have been completed. Consequently, although there will be a continuing need to alter existing facilities to meet changing academic programs, the requirement for capital outlay expenditures in higher education will diminish from historical levels. Conversely, revenue to the COFPHE is projected to increase significantly. Table 4 shows our estimate of revenue to the

COFPHE, based on information from the State Lands Commission.

Thus, the needs for capital outlay expenditures in higher education will fall considerably short of the amounts that would be available in the COFPHE. Under existing law, these state resources are not automatically available for use in meeting other high priority state needs.

Table 4
Projected Revenue to the COFPHE *
(in millions)

<i>Fiscal Year</i>	<i>Revenue</i>
1979-80	\$250.1
1980-81	414.5
1981-82	466.4 ^a
1982-83	466.4
1983-84	466.4

* Probable revenue on an annual basis for perhaps 20-25 years.

At the same time needs for capital improvements in higher education are declining. The ability of the General Fund to meet high priority state needs is declining. This is due to three factors:

1. The General Fund surplus is declining rapidly, and will be virtually exhausted by the end of the budget year if the budget revenue and expenditure projections are accurate.

2. The General Fund budget is running a sizeable deficit in the current year, and the budget proposes an even larger deficit in 1980-81.

3. Article XIIIIB of the Constitution which was approved by the voters in November 1979, limits annual appropriations of specific state revenues. Tideland revenues are not subject to the annual appropriation limitations established by Article XIIIIB.

Given the pressures on the General Fund, and the unneeded funds in the COFPHE, we believe revenues from the properties under the management of the State Lands Commission should be considered as a basic state revenue along with other general revenue sources. As such, *we recommend that legislation be enacted to deposit these revenues in the General Fund and that they be used to satisfy statewide funding needs on a priority basis.* Under this plan the revenues could be used to meet capital outlay requirements in higher education and in other areas of state government, as well as other statewide programmatic needs. This would allow the Legislature discretion in the use of the funds and not restrict it to a specific area of appropriation.

However, if the Legislature wants to maintain a fund exclusively for capital outlay, such a fund should be available for all state capital needs except those funded from special fees (such as the Fish and Game Fund and the Transportation Fund).

Pending enactment of the recommended legislation we have, throughout our analysis of the Budget Bill, recommended inclusion of the following budget language which would allow use of the tidelands oil revenues for General Fund agencies, capital outlay programs:

"For capital outlay, payable from revenues received by the State Lands

SUMMARY—Continued

Commission and allocated under the provisions of Section 6217 of the Public Resources Code, except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section."

If the projects in the Governor's Budget were approved as proposed, the recommended change in funding source would permit a savings of \$287.1 million to the General Fund.

In addition, we have recommended reversion of the General Fund reserve for state office building construction because adequate amounts for this purpose will be available in future years from the tidelands oil revenue. Thus, the total General Fund offset for 1980-81 would be \$359.4 million.

Other Programs

Business and Transportation. This program includes \$144.5 million for the Department of Transportation. Of this amount, \$148,125 is from the California Environmental Protection Fund and the remainder is from the State Highway Account, State Transportation Fund. Appropriation requests from the State Transportation Fund, Motor Vehicle Account total approximately \$15.9 million. Of this amount, \$6.2 million is for the California Highway Patrol for planning and/or construction of new field offices, purchase of leased office facilities and minor capital outlay. The remaining \$9.7 million is for construction/alterations of field offices and minor capital outlay for the Department of Motor Vehicles.

Resources. The capital outlay program for Resources totals nearly \$40 million. Within that amount, the Department of Parks and Recreation program is about \$21.7 million consisting of \$1.1 million from the General Fund mainly for work at the Hearst San Simeon State Historic Monument and alterations of the Resources Building, \$6.2 million from several special funds for acquisition, planning, construction and minor capital outlay, plus \$14.3 million from various bond sources for acquisition, planning and construction. The proposed program for the Department of Parks and Recreation represents a significant reduction from the \$52.9 million appropriated in the Budget Act of 1979.

The Department of Forestry program includes \$3.5 million from the General Fund for acquisition or construction of new facilities and minor capital outlay. The Department of Fish and Game proposal includes \$2.3 million from the Fish and Game Preservation Fund for planning/construction to expand fish hatcheries, planning for a new headquarters building in Redding and minor capital outlay. The Department of Fish and Game also proposes expending \$750,000 from the California Environmental Protection Program Fund to purchase and develop ecological reserves. The Department of Water Resources includes approximately \$4.6 million of which \$1.2 million is from the General Fund for flood control projects and continued rehabilitation of portions of the Sutter Bypass and \$3.3 million is from the proposed Energy and Resources Fund for construction of a reverse osmosis desalter pilot plant. The remaining program in Re-

sources is for relatively minor amounts from various sources for the California Conservation Corps, Department of Boating and Waterways and the State Coastal Conservancy.

Proposed Energy and Resources Fund

The Governor's Budget proposes the establishment of a new special purpose fund—Energy and Resources Fund (ERF). The fund would be created through legislation proposed by the administration, to be effective July 1, 1980. This legislation would amend the Public Resources Code to provide that after current fixed allocations are made, the remaining tidelands oil revenues would be divided equally among the COFPHE, the ERF and the General Fund. The proposed budget includes \$25 million from the ERF for new initiatives and program expansions which either relate to the conservation and/or development of energy or to the management of natural resources. The proposed expenditures vary and include:

- Improved energy efficiency and conservation in buildings
- Bicycle commuter facility programs at Caltrans
- Energy efficient procurement program at the Department of General Services
- Cogeneration facilities
- Solar water systems.

As proposed in the Governor's Budget, the projects funded from the ERF cannot proceed until the fund is created by the Legislature.

State Office Building Construction Program

The Governor's Budget (page A-84) indicates that: "Given the current fiscal situation and limited reserve for capital outlay, the Administration is reevaluating the original State Office Building Program prior to commitment of additional funds. Additionally, the Administration is reviewing the alternative of proceeding with other projects in the State Building Program using a lease-with-option-to-purchase plan."

Our analysis indicates that it *should* be more economical for the state to build and own its office facilities. However, given the state's experience with recent projects under the administration of the Office of State Architect, it is not clear that these savings are being realized. In our analysis, we have recommended specific changes to the capital outlay procedure so that the economies of state constructed and owned offices can be fully realized. In addition, we have recommended that prior to budget hearing, the Department of General Services provide a report on the status of all projects which have been previously approved by the Legislature and indicate its plan for completing the projects. Further discussion of this issue may be found on pages 205-208 (Office of State Architect).

Local Government—Alternative for Funding Capital Outlay

We recommend that the Legislature place before the electorate a constitutional amendment that would give the local electorate authority to temporarily increase the local property tax in order to fund needed capital facilities in their communities.

SUMMARY—Continued

Prior to 1978, local governments and community college districts usually financed needed capital facilities by:

1. Securing voter approval for a bond issue to finance the facility.
2. Increasing the local property tax *rate* so as to generate the revenues needed to amortize the bond.

In June 1978, the electorate approved Proposition 13, which added Article XIIIIA to the California Constitution. This article limited the property tax rate to 1 percent of the market value of property plus an amount necessary to repay voter-approved debts approved prior to June 30, 1980. (Article XIIIIA also rolled back the assessed value of property to 1975 levels, limited increases in assessed values to 2 percent per year and restricted the imposition of nonproperty taxes by state and local governments.) As a consequence of Proposition 13, the ability of local governmental entities to finance needed capital outlay has been greatly restricted. The traditional debt financing mechanism is no longer available even when the local citizenry believe that construction of specific facilities are needed and are willing to increase the local property tax rate on a temporary basis (corresponding to the term of the bond) in order to fund such construction. Under Article XIIIIA the local electorate does not have the option of making that decision.

Under these circumstances, a local government or school district has three options:

1. Do not undertake the capital improvement.
2. Create a sinking fund to pay for the facility once sufficient funds are available. This might require many years.
3. Attempt to obtain funds from other sources, such as the state or federal government.

A case in point is the community college capital outlay program. In the past, the cost of most community college capital outlay was shared by the state and the respective community college district. Under Article XIIIIA, however, districts are no longer able to raise local revenues for capital facilities, and many cannot wait for a sinking fund to build-up because they need the additional capacity to meet existing enrollment. Consequently, the districts are requesting 100 percent state funding for their facilities. Our Analysis (pages 1672-1673) indicates that 100 percent state funding—while assisting districts in providing needed facilities—would increase potential state costs, jeopardize local control and reduce local responsibility. This problem is not unique to community college districts.

To alleviate this problem and to maintain local control/responsibility, we recommend that legislation be enacted to place before the electorate a constitutional amendment that would allow the local electorate to *temporarily* increase local property tax rates in order to fund needed capital facilities in their communities. In summary, this constitutional amendment would:

- Allow local governments the opportunity to acquire facilities if the citizenry so desire.
- Reduce pressure on the state to provide local facilities with state funds.
- Provide a method of continuing local control and responsibility.

JUDICIAL

Item 497 from the General Fund

Budget p. LJE 14

Requested 1980-81	\$75,000
Recommended reduction	75,000

ANALYSIS AND RECOMMENDATIONS**Alterations—Fifth District Court of Appeals, Fresno**

We recommend deletion of Item 497, a savings of \$75,000.

The budget proposes \$75,000 for alteration of space occupied by the Fifth District Court of Appeals in the Fresno state office building. The proposed Budget Bill amount would augment \$268,487 appropriated under Chapter 1018, Statutes of 1979.

The funds in Chapter 1018 were appropriated for the purpose of constructing necessary modifications in the Fresno state building to accommodate the increase in the authorized number of justices from four to six. The Department of General Services, Space Management Division indicates that the cost of modifying the building will be \$343,487. Consequently, the budget proposes an augmentation of \$75,000 to the previously approved amount of \$268,487.

The need for this project is based on the increase in the number of judges in the Fifth Appellate Court District. However, portions of the proposed alterations are not related to this increase and thus the need for additional funds is questionable. For example, the project includes replacement of all floor covering by installing carpet (\$30,000) and other floor coverings (\$6,000). The need to replace existing carpet has not been justified. Furthermore, the project proposes demolition of one restroom and construction of six new restroom facilities at a cost of approximately \$55,000. We question the need to increase the number of restrooms by five when the number of justices has increased by only two.

Based on our analysis, the previously approved funds should be adequate to meet the alterations necessary to accommodate the two additional justices. The department should revise the proposed alterations to include only those modifications necessary for the new justices. We recommend deletion of the proposed additional funds, for a savings of \$75,000.

LIEUTENANT GOVERNOR'S OFFICE

Item 498 from the General
Fund

Budget p. LJE 44

Requested 1980-81	\$25,000
Recommended reduction	25,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Minor Capital Outlay. Reduce by \$25,000.* Recommend deletion of proposed alteration project. 1518

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of Item 498, a reduction of \$25,000.

The budget proposes \$25,000 for minor capital outlay for the Lieutenant Governor's Office. The funds are proposed for alteration of office space in the Capitol Building. The project justification states that the office space should be ". . . made functional and acceptable to this and any future administration . . ."

The information provided in support of the project is not adequate to justify the requested funds. Planning has not been completed, and the requested amount is based on incomplete information. We have no basis on which to evaluate the need for or cost of the proposal, and accordingly we recommend deletion.

DEPARTMENT OF JUSTICE

Item 499 from the General
Fund

Budget p. LJE 71

Requested 1980-81	\$45,466
Recommended approval	37,815
Recommended reduction	7,651

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Minor Capital Outlay. Reduce by \$7,651.* Recommend deletion of one project. 1519
2. *Equipment-Related Costs.* Recommend that in the future, funds necessary to make equipment operable and funds for new movable equipment be requested in the support budget. 1519

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We recommend a reduction of \$7,651 by deleting one project.

The budget includes \$45,466 for minor capital outlay (\$100,000 or less per project) for the Department of Justice. Table 1 summarizes the request.

Table 1
Department of Justice
1980-81 Minor Capital Outlay

<i>Project and Location</i>	<i>Requested Amount</i>
1. Remodel for conference room/library expansion, San Francisco	\$7,651
2. Electrical modifications for equipment installation, various locations	17,600
3. Acoustical screens, Sacramento	8,385
4. Replacement of computer floor, Sacramento	2,250
5. Modification to new computer floors, Sacramento	9,580
Total	\$45,466

Remodel Office Space, San Francisco. The department proposes \$7,651 to remodel space in the existing San Francisco state office building. The remodeling would provide conference room/library space for the legal offices in the building. *We recommend these funds be deleted because adequate funds have been appropriated to the Department of General Services to meet this need.* Item 447(d), Budget Act of 1979, provided \$1 million to alter the state building in San Francisco to meet the needs of the various state agencies to be located in the building. These funds could be used to finance the proposed conference room/library alteration for the Department of Justice, if such facilities are necessary.

Equipment Related Projects. The budget includes \$17,600 to provide various electrical, plumbing and air-conditioning modifications necessary to make new equipment operate efficiently. Most of the funds would provide electrical circuits for new word processing equipment proposed for the department's legal offices. The budget also includes \$8,385 for purchase of movable acoustical screens. The screens are needed to improve the functional use of existing office areas. Our analysis indicates that these projects are needed.

Other Projects. The budget requests for modification of the computer floors are needed to eliminate safety hazards at the existing computer center and to make the new computer center operable. We recommend approval of the requested funds.

Budgeting for Equipment-Related Costs

We recommend that in the future, funds necessary to make new equipment operable be budgeted with the equipment request.

While our analysis indicates that the equipment-related projects in the budget are needed, the department should seek funds for these types of projects in the support budget. In this way, all costs associated with a particular item of equipment can be analyzed in relation to the benefits to be derived. In addition, guidelines in the State Administrative Manual state that equipment items, such as acoustical screens, that are not related

DEPARTMENT OF JUSTICE—Continued

to building alterations are to be budgeted in the support budget. Thus, we recommend that future requests of these types be budgeted in the support budget.

STATE CONTROLLER

Item 500 from the General Fund

Budget p. LJE 85

Requested 1980-81	\$90,000
Recommendation pending	90,000

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We withhold recommendation in Item 500, pending receipt of revised cost estimate.

The budget includes \$90,000 for one minor capital outlay project for the State Controller. The proposed project would provide construction of three offices and a new computer grid floor system in the electronic data processing room in Sacramento. The department indicates that the proposed modifications are necessary because the existing raised flooring poses a tripping hazard to employees. Construction of three offices would provide office space for computer technicians assigned to the computer facility. At present the computer technicians do not have offices, and any desk work must be performed in the relatively noisy computer room. The project also includes installation of a halon fire suppression system.

Our review of the proposed project indicates that there is a need to replace the obsolete computer floor because the tiles have warped and are a safety hazard. We recommend, however, that the project be modified to provide only the raised floor area needed for the existing computer printing equipment. The Budget Act of 1979 provided \$468,000 to relocate the State Controller's computer from the 1227 "O" Street building to the Teale Consolidated Data Center. As a result, much of the computing equipment will no longer be housed at the Controller's Office and the amount of existing raised floor area is in excess of the department's needs. The surplus area should be converted for office and paper storage use. Furthermore, halon fire extinguishing systems are generally provided only for computers. The equipment items to remain at the Controller's Office are printing devices, and installation of the high cost halon system is not justified.

We also recommend that the Controller explore the feasibility of reutilizing the raised-floor system which is proposed to be removed from the space occupied by the Department of Social Services in Office Building 8 in Sacramento. The computer equipment previously housed at this location has been moved to the Health and Welfare Consolidated Data Center and the space is now proposed for conversion to office use. The Department of Social Services indicates that the raised floor is in excellent condition and could easily be reutilized.

In view of the safety hazard that exists at the Controller's Office some modifications are needed. However, the department should provide a revised project scope which addresses (1) the space needs for the remaining computer printing equipment and (2) reutilization of the raised floor system to be abandoned by the Department of Social Services. Pending receipt of the revised project scope and costs, we withhold recommendation.

BOARD OF EQUALIZATION

Item 501 from the General Fund

Budget p. LJE 110

Requested 1980-81	\$17,500
Recommended approval	17,500

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget contains \$17,500 for six minor capital outlay projects (\$100,000 or less per project) for the State Board of Equalization. Table 1 summarizes the department's request.

Table 1
State Board of Equalization
Minor Capital Outlay
1980-81

<i>Project, Location</i>	<i>Requested Amount</i>
1. Alterations to hearing room, Pasadena	\$1,500
2. Office modification (remove wall) Fresno office.....	2,000
3. Modification to ventilation and air conditioning system, Covina Office	9,000
4. Office alterations for security control, West Los Angeles	1,500
5. Minor electrical and telephone modifications, Downey	2,000
6. Minor office alterations, electrical modifications and telephone changes, Inglewood	1,500
Total	\$17,500

The proposed modifications provide for better space utilization and improved safety and security at district offices operated by the board. The proposed projects and associated costs are reasonable and we recommend approval.

SECRETARY OF STATE

Item 502 from the General
Fund

Budget p. LJE 118

Requested 1980-81	\$39,000
Recommended reduction	39,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Minor Capital Outlay. Reduce by \$39,000.* Recommend 1522
that the proposed project be deleted.

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We recommend that Item 502 be deleted, a reduction of \$39,000.

The Secretary of State proposes \$39,000 for one minor capital outlay project in the State Archives building in Sacramento. The proposed project would relocate the Legislative Bill Room in the basement of the Archives building to an area adjacent to the hallway, and the Archival Restoration Lab would be relocated to the existing Legislative Bill Room area. The project includes associated electrical, plumbing and heating/air conditioning modifications.

The Secretary of State indicates that the project is needed because the present facilities do not meet fire code requirements and are inconvenient to the public and departmental staff.

Our review of the proposed project indicates that the proposed relocation will make the bill room only marginally more convenient to the public and departmental staff. The major portion of the legislative bill services are located in the State Capitol; the Archives building facility stores those documents which are not current. The proposed project would simply move the legislative bill service closer to the main corridor of the basement. The potential cost of moving the facility, as well as the danger that archival material may be destroyed in the process, does not warrant moving the facility. Furthermore, the Department of General Services has proposed a major capital outlay project to make heating and ventilation and air conditioning improvements to this facility. We question the need for upgrading of this area when some modification of the building systems is planned within the next two years.

Given the fact that this project has only a marginal programmatic benefit and that corrections of deficiencies are the responsibility of the Department of General Services, we see no basis for approval of the requested funds, and recommend deletion of Item 502 for a reduction of \$39,000.

MUSEUM OF SCIENCE AND INDUSTRY

Item 503 from the General Fund and Item 504 from the Energy and Resources Fund ^a

Budget p. SCS 1

^a Nonexistent fund that has not been established by legislation.

Requested 1980-81	\$119,000
Recommended approval	119,000

ANALYSIS AND RECOMMENDATIONS

We recommend that \$20,000 proposed under Item 504 from an Energy and Resources Fund be deleted, and the funds be provided under Item 503 from the General Fund.

The budget includes \$119,000 for four minor capital outlay projects (\$100,000 or less per project) for the Museum of Science and Industry. Table 1 summarizes the request.

Table 1
Museum of Science and Industry
Minor Capital Outlay
1980-81

Budget Item	Project	Cost
503	Heating and ventilation north end of Space Building.....	\$12,000
503	Heating, ventilation and safety modification to workshops, Space Building	32,000
503	Remodel restrooms and provide handicap access.....	55,000
	Total, Item 503	\$99,000
504	Convert parking lot lights.....	20,000
	Total Request	\$119,000

The department proposes \$20,000 from an Energy and Resource Fund (Item 504) to convert existing parking lot lights to energy saving high pressure sodium fixtures. The energy and maintenance savings for this project have been calculated to be \$3,000 per year, indicating a pay back period of seven years. Thus the savings attributable to this project should result in some reduction in future budget requests for utility costs.

While our analysis indicates that the proposed project is justified, the proposed funding source is inappropriate. The Legislature has not authorized an Energy and Resources Fund and thus, legislation creating the fund would have to be enacted for the project to proceed. We recommend approval of the project, however, funding should be provided from the General Fund. *Thus, we recommend Item 504 be deleted, and Item 503 be augmented by \$20,000.*

The three other projects (under Item 503) are for basic upgrading of existing space which is inadequate. In the Space Building, \$44,000 is for the heating and ventilation of public areas and the workshop, and to provide a sawdust collection system, new floor covering and electrical modifications for safe operation of equipment in the workshop. Remodeling the restrooms in the main building and Space Building will replace existing

MUSEUM OF SCIENCE AND INDUSTRY—Continued

fixtures and provide access for handicapped individuals.

The proposed projects and associated costs are reasonable, and we recommend approval.

FRANCHISE TAX BOARD

Item 505 from the General Fund

Budget p. SCS 96

Requested 1980-81	\$160,784
Recommended approval	160,784

ANALYSIS AND RECOMMENDATIONS

The budget proposes \$160,784 for minor capital outlay (\$100,000 or less per project) for the Franchise Tax Board. The proposal consists of (1) \$44,131 for two alteration projects at the board's central office, and (2) \$116,653 for two alteration projects at district offices.

Central Office Projects

We recommend approval.

The proposed \$44,131 for alteration of the central office would expand the central files area by 3,621 square feet (\$30,059) and enclose the receiving area to improve security (\$14,072). The central office is located in facilities leased at the Aerojet-General site east of Sacramento. Over 355,000 net square feet of office space are leased at the site. The proposed alterations would provide needed improvements to the facility, and we recommend approval.

District Office Projects

We recommend approval.

The proposed \$116,653 for district office alterations would improve the department's San Francisco and Chicago office facilities. The San Francisco project (\$90,004) would alter the public area to include a waiting area and alter the office area to an open-office landscaped area for the Income Tax and Senior Citizens' Property Tax Assistance Program. This program experiences a significant increase in workload during the tax season and the open-office concept would allow the space to be easily and economically rearranged to meet the seasonal workload. The Chicago district office alteration (\$26,649) would also provide open-office landscaping. This office has experienced a 33 percent increase in staff in the last five years, with no increase in office space. The proposed alteration would allow more efficient utilization of available space and eliminate the need to lease additional space. We recommend approval of both proposals.

DEPARTMENT OF GENERAL SERVICES

Item 506 from the General Fund^a

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^a Reappropriation of funds appropriated in Item 441, Budget Act of 1978 (capital outlay reserve).

Requested 1980-81	\$37,231,425
Recommended reduction	37,231,425

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Capital Outlay Funding Source. Recommend that capital outlay projects for the Department of General Services state building program be funded from state tidelands oil revenues and that the General Fund capital outlay reserve be reverted. 1525
2. State Office Building Program. Recommend the department provide a report to the Legislature—prior to budget hearings—regarding the status of the state office building construction program. 1526
3. *New State Office Building—Site 1C, Sacramento.* Reduce by \$17,252,100. Recommend construction funds be deleted. 1528
4. *New State Office Building—Van Nuys.* Reduce by \$15,321,200. Recommend construction funds be deleted. 1528
5. *New State Parking Facility—Van Nuys.* Reduce by \$3,118,400. Recommend construction funds be deleted. 1528
6. *New State Office Building—San Francisco.* Reduce by \$919,600. Recommend working drawing funds be deleted. 1528
7. *New State Office Building—Alterations to Existing Building and New Parking Facility—Oakland.* Reduce by \$620,125. Recommend working drawing funds be deleted. 1528

ANALYSIS AND RECOMMENDATIONS

Capital Outlay Funding Source

We recommend that capital outlay funds for the Department of General Services be funded from state tidelands oil revenues. Further, we recommend that \$109,521,863 remaining in capital outlay reserve funds appropriated by Item 441, Budget Act of 1978, be reverted to the unappropriated surplus of the General Fund.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of legislation, we recommend that the Legislature adopt the following budget language for any funds approved under Item 506:

“For capital outlay, Department of General Services payable from reve-
51-80045

DEPARTMENT OF GENERAL SERVICES—Continued

nues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section."

Funds previously approved in the Budget Act of 1978 for a capital outlay reserve should no longer be needed, because sufficient funds can be made available to support the state building program from tidelands oil revenue. The reserve established in the 1978 Budget Act is an unscheduled item which did not approve specific projects, and reversion of these funds should not impact the legislatively approved program for construction of new state office buildings. Consequently, we recommend that Budget Act language be adopted under Section 11.05 of the proposed budget to revert the unencumbered balance of the appropriation made by Item 441 of the Budget Act of 1978. Approval of the recommended reversion will result in a \$109,521,863 increase in the General Fund.

STATE OFFICE BUILDING PROGRAM—STATUS REPORT**Reevaluation of State Building Program by the Administration**

We recommend that the department provide a report to the Legislature prior to budget hearings regarding the status of the state office building construction program.

The Governor's Budget indicates (page A-84) that:

"Given the current fiscal situation and limited reserve for capital outlay, the Administration is reevaluating the original State Office Building Program prior to commitment of additional funds. Additionally, the Administration is reviewing the alternative of proceeding with the other projects in the State Building Program using a lease-with-option-to-purchase plan."

The department has not provided any information on the basis for the proposed reevaluation, or the status of projects which have been previously approved by the Legislature but are not proposed for continued funding in the 1980-81 budget.

We recommend that, prior to legislative hearings on the budget, the department report on the status of all projects which have been previously approved by the Legislature and indicate its plan for completing the project. Our analysis of the lease-with-option-to-purchase financing method indicates that, other things being equal, it is more expensive than direct capital outlay construction. However, given the current excessive costs incurred for projects under the direction of the State Architect, this method may be more economical in the future.

State Building Projects Approved by Legislature

The Legislature has appropriated funds to the Department of General Services for construction of new state office buildings throughout the state. The state currently leases approximately 50 percent of the total state-occupied space, at a cost of \$55 million per year. The proposed building program would provide new state office buildings to reduce

long-term lease costs. Continued occupancy of lease space is not in the best economic interest of the state, and construction of new facilities would provide long-term space needs at a lower cost.

The Legislature has approved funds for various phases of 15 new state office building projects. Table 1 shows the approved projects and the most recently funded project phases.

Table 1
Department of General Services
Previously Funded Project Phases
State Office Building Program

<i>Project/Location</i>	<i>Funded Through:</i>	<i>Budget Act</i>
Site 1A, Sacramento	construction	1976
Site 1B, Sacramento	construction	1977
Site 3, Sacramento	construction	1979
Justice Building, Sacramento	construction	1978
Long Beach	construction	1978
San Jose	construction	1978
Santa Rosa	construction	1979
Site 1C, Sacramento	working drawings	1979
Van Nuys	working drawings	1979
Oakland	preliminary plans	1979
San Francisco	preliminary plans	1978
Site 1D, Sacramento	preliminary plans	1979
Site 4, Sacramento	preliminary plans	1979
Site 5, Sacramento	preliminary plans	1979
Los Angeles	land acquisition (partial)	1979

The approved projects represent over 2.5 million net square feet of office space. Construction of the buildings would result in a significant reduction in state costs for lease space. In recognition of the need to construct these state office buildings, the Legislature appropriated \$45.7 million for specific projects and a \$142.6 million capital outlay reserve in the Budget Act of 1978. The Budget Act of 1979 reappropriated \$33,098,980 from the reserve for specific projects. Item 506 of the Budget Bill would reappropriate \$37.2 million of the reserve funds for specific state building projects. If approved as proposed, approximately \$72.3 million will remain in the reserve.

Project Costs for Previously Funded New State Office Buildings

The Legislature has appropriated construction funds for seven projects in the state building program. Table 2 shows the funds appropriated for these projects and the construction costs based on bids received on five of the projects.

In approving the Budget Act of 1978, the Legislature established a budget guideline for new state office buildings of \$62 per gross square foot at the Engineering News Record (ENR) Index of 2850. The construction funds appropriated and reserved in the Budget Act of 1978 were based on the need for construction funds at this unit cost. The buildings, however, have not been designed to stay within the cost guidelines. Bidding experience on projects shows that the actual building costs have substantially exceeded budgeted funds. Cost overruns on approved projects have exceeded \$22.5 million to date.

DEPARTMENT OF GENERAL SERVICES—Continued

Table 2
State Office Building Construction Program
Comparison of Original Budget and Bid Costs

<i>Building</i>	<i>Construction Cost</i>			<i>Difference</i>
	<i>Original Budget</i>	<i>Bid</i>		
1. Site 1A.....	\$12,905,800	\$16,279,000		\$+3,374,000
2a. Site 1B.....	10,183,000	13,236,275 ^{a,b}		+3,103,275
2b. Site 1B (parking)	2,907,000	7,050,000 ^a		+4,143,000
3. Site 3	15,941,000	18,550,000		+2,609,400
4a. Justice (Phase I).....	4,267,540	5,390,000		+1,122,460
4b. Justice (Phase II)	14,739,078	20,848,000 ^a		+6,108,992
5. Long Beach	10,087,000	12,176,545 ^c		+2,089,545
6. San Jose.....	9,329,400	pending ^d		—
7. Santa Rosa	8,005,300	—		—
Total Difference.....				\$+22,550,672

^a Bids rejected—project not yet under construction.

^b Site 1B office building and parking garage were bid as one project and parking garage was also bid separately (on same bid date). Office building cost is based on bid for combined project minus bid for garage.

^c Original project bids rejected and the project was redesigned and rebid. The bid figure represents bid amount for the redesigned building.

^d Public Works Board approved a recognized deficit of \$1,780,100 at January meeting.

Our analysis indicates that it *should* be more economical to build and own office facilities than to lease them. The state's experience with the projects shown in Table 2 indicate that a part of the anticipated savings is being absorbed by cost overruns. In fact, cost overruns often lead to further increases in costs because projects must be redesigned to reduce costs, thereby subjecting the projects to further inflationary pressures. Delays also result in continued leasing of office space beyond the original targeted occupancy date. Thus, as guided by the State Architect's Office, the cost of the state building programs have increased substantially, and lease costs continue to be incurred due to delays in project completion.

Project Funds Proposed for 1980-81

We recommend deletion of funds proposed under Item 507 for a reduction of \$37,231,425.

The proposed budget includes \$37,231,425 for specific projects in the state building program. These funds would be reappropriated from the capital outlay reserve established in the 1978 Budget Act. Table 3 summarizes the projects proposed under Item 506 and our recommendations.

Proposed Costs Exceed Guideline

The construction cost of individual projects proposed in the Budget Bill greatly exceed the budgeted amounts established by the Legislature. The overrun cannot be attributed entirely to inflation.

Projects proposed by the department in the 1979-80 budget were based on \$65 per gross square foot to reflect the ENR increase between July 1, 1978 and July 1, 1979. Based on the projected increase in ENR to 3250 for July 1, 1980 the costs should be \$70.70 per gross square foot. However, the

Table 3
Department of General Services
State Office Building Program
1980-81

Budget Item	Project/Location	Occupants	Building Size (gsf ^a)/spaces	Estimated total Project Cost	Cost/gsf	Budget Request	Analyst's Proposal
506(a)	Site 1C, Sacramento	Water Resources Control Board	160,000	\$18,268,100	\$87/gsf	\$17,252,100 ^c	-0-
506(b)	Office Building, Van Nuys ^b	field offices	144,200	16,109,200	87/gsf	15,321,200 ^c	-0-
506(c)	Parking facility, Van Nuys ^b	state/visitor/employee	350 spaces	3,619,900	\$11,200/space	3,118,400 ^c	-0-
506(d)	Office building/parking facility, San Francisco ^e	Public Utility Commission and field offices	300,000/320 spaces	33,307,500	\$84 gsf and \$12,000/ space	919,600 ^w	-0-
506(e)	Office addition—alterations/parking facility, Oakland ^e	field offices	108,000/500 spaces	23,639,100	\$84 ^d gsf and \$10,800/ space	620,125 ^w	-0-
Totals				\$94,943,800		\$37,231,425	-0-

^a gsf—gross square feet.^b Site acquisition not complete and condemnation authorized.^c Construction funds.^d Cost/gross square foot for addition only.^e Site acquisition not complete.^w Working drawing funds.

DEPARTMENT OF GENERAL SERVICES—Continued

projects in the Budget Bill exceed this cost. Table 4 shows that the proposed total project costs have increased over the 1979-80 estimates by 33.9 percent, while the construction cost index has increased 8.7 percent.

Thus, the department has not adhered to the legislative guidelines for office building costs, and projected future costs for construction substantially exceed the guideline. *The department has not justified this substantial increase in the unit costs of the buildings, and we recommend that projects proposed in the 1980-81 budget not proceed until project designs have been revised to reflect the cost approved by the Legislature.* Consequently, we recommend deletion of the project funds proposed under Item 506.

**Table 4
Department of General Services
State Office Buildings
1980-81**

Project (1980-81 Request)	<i>Total Project Costs</i>		Increase (Percent)	Allowable ENR Increase
	<i>1980-81</i>	<i>1979-80</i>		
	<i>Proposal</i>	<i>Budget</i>		
	<i>Oct. 1, 1980/</i>	<i>Presentation</i>		
Site 1C (construction)	\$18,268,100	\$13,710,800	\$4,557,300 (33.2%)	8.7%
Van Nuys building (construction) ..	16,109,200	12,039,600	4,069,600 (33.8%)	8.7
Van Nuys parking (construction) ..	3,619,900	2,382,100	1,237,800 (52.0%)	8.7
Oakland (working drawings)	23,639,100	17,903,100	5,736,000 (32.0%)	8.7
Subtotals	\$61,636,300	\$46,035,600	\$15,600,700 (33.9%)	8.7%
San Francisco ^b (working drawings)	33,307,500	35,204,700 ^c	N/A	
Totals	\$94,943,800	\$81,240,300		

^a Site 1C and Van Nuys projects cost basis is October 1, 1980; San Francisco and Oakland basis is July 1, 1980.

^b Project scope reduced from 400,000 square foot building and 500 space garage, to 300,000 square foot building and 320 space garage. Unit cost per square foot increase of 35 percent from 1978 Budget.

^c July 1, 1978 cost estimate at ENR 2850 (\$62/gross square foot) for 1978-79 budget presentation.

DEPARTMENT OF GENERAL SERVICES

Item 507 from the General Fund

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Requested 1980-81	\$10,597,121
Recommended approval	101,950
Recommended reduction	861,350
Recommendation pending	9,633,821

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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- 1 Capital Outlay Funding Source. Recommended Budget Act language to authorize funding of capital outlay projects from state tidelands oil revenues. 1531
2. Fire and Life Safety—Statewide. Withhold recommenda- 1531

- tion on construction funds for modifications to 11 buildings, pending receipt of additional information.
3. *Reroof State Garage. Reduce by \$454,200.* Recommend 1533 project be deleted.
4. *Computerized Building Control—New San Jose State Building. Reduce by \$165,000.* Recommend project be deleted.
5. *Solar Domestic Hot Water System—Resources Building, Sacramento. Reduce by \$195,000.* Recommend project be deleted.
6. *Minor Capital Outlay. Reduce by \$47,150.* Recommend 1535 two projects be deleted.
7. Minor Capital Outlay—Automatic Doors. Withhold recommendation for installation of automatic doors at one state building.

ANALYSIS AND RECOMMENDATIONS

Capital Outlay Funding

We recommend that Budget Act language be adopted to authorize funding of capital outlay projects from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 507:

"For capital outlay, Department of General Services payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section."

Fire and Life Safety Modifications—Statewide

We withhold recommendation on Item 507(a) pending receipt of additional information.

The budget includes construction funds to modify 11 state office buildings operated by the Department of General Services (DGS) to meet current fire and life safety requirements for high-rise buildings. Planning funds (\$476,864) were approved for a portion of the projects proposed for construction. Table 1 shows the estimated total project costs for the 11 buildings and the construction funds requested in the Budget Bill. The fire and life safety modifications include upgrading of existing corridors to meet one hour fire rating, modifications to elevators to meet fire service requirements, installation of fire communication systems, and minor improvements in signing and exiting. The department indicates that the

DEPARTMENT OF GENERAL SERVICES —Continued

total estimated project cost for the 11 buildings is \$10,094,700.

Table 1
Department of General Services
Fire and Life Safety Corrections
State Office Buildings
1980-81

<i>Location</i>	<i>Total Project</i>
Sacramento, OB No. 1	\$415,200
Sacramento, Resources Building ^a	573,600
Sacramento, EDD Building ^a	548,100
Sacramento, OB No. 8	623,600
Sacramento, OB No. 9	623,600
San Bernardino, State Building ^a	371,600
San Francisco, State Building ^a	1,890,600
Los Angeles, State Building ^a	3,215,400
Oakland, State Building ^a	910,200
San Diego, State Building ^a	424,800
Santa Ana, State Building	498,000
Total project cost, all locations	\$10,094,700
Less: Planning and working drawings (Item 440(d), Budget Act of 1978)	476,864
Construction funds request, 1980-81	\$9,617,836

^aBuildings included in program submitted for planning funds in Budget Act of 1978.

The subject buildings need to be upgraded to meet fire and life safety codes. However, adequate information is not available to substantiate the appropriate amount of work and the necessary construction funds. The available information is deficient in the following areas:

- *Cost Index*—The proposed construction estimates are based on the “Lee Saylor Index” (LSI) rather than the “Engineering News Record” (ENR) Index which is used for state capital outlay projects. Consequently, these projects and other DGS projects are on a different index than all other projects proposed in the Governor’s Budget. The estimates prepared by the department indicate that the construction costs for a portion of the projects have increased approximately 28 percent since preliminary plans were prepared in March 1979. The applicable ENR inflation increase for this period is approximately 12.5 percent. Consequently, the proposed budgeted construction funds appear to be overstated in part because the inflation rate applied to the prior construction estimates is excessive. The department should revise the estimates in line with the change in the ENR index, as approved by the Department of Finance for all other state department’s 1980-81 capital outlay projects.
- *Program Changes*—The department has deleted two buildings (Fresno and Stockton state office buildings) and added four buildings (Sacramento office buildings Nos. 1, 8, 9, and Santa Ana). We have not received the Fire Marshal’s evaluation of the proposed buildings to be added to the program. We question the appropriateness of including office building No. 1 in this program. Applicable codes apply to existing *high-rise* buildings, which are defined as buildings over 75 feet in height. Office building 1 is four-stories with a penthouse and basement and the department should verify that the building is required

to meet the high-rise building requirements.

- *Budget amounts differ from Preliminary Plan Estimates.* The estimates submitted by the department for several of the buildings do not coincide with the preliminary plan estimates. For example, the EDD building in Sacramento is budgeted for a total project cost of \$548,100 (estimate dated December 8, 1979) and the preliminary plan estimate submitted by the department indicates a total project cost of \$1,193,000 (estimate dated November 15, 1979). There are similar variances in the proposed amounts for Sacramento buildings Nos. 8 and 9, Oakland and Santa Ana.
- *Potential Cost Savings*—The Health and Safety Code allows deletion of firemen's communication systems where local fire departments have mobile radio systems available. The department has not indicated if local fire authorities have been contacted to determine if the necessary mobile communications are available so that the proposed building system can be deleted.
- *Coordinate with Other Major Projects.* The program includes alterations for the Oakland state office building. This building is included in the Department of General Services' state office building program, and is proposed for major alterations. It is not clear if the proposed fire and life safety modifications will proceed in coordination with the proposed alteration project. If so, the construction request for this project is premature. The department should clarify the proposed project for this building prior to legislative budget hearings.
- *Architectural/Engineering Service and Contingency budget too high*—The proposed project includes an excessive amount for architectural and engineering services and contingency expenses. Alteration projects are generally budgeted with these funds representing no more than 20 percent of the estimated contract cost. The department estimates include fees which range to 29 percent of the construction cost estimate. The department should reduce the contingency and architectural engineering services so that these costs do not exceed 20 percent of the construction estimate.

The department has not developed sufficient information to justify the requested construction funds. However, we believe these projects are needed and should be funded in the 1980-81 budget. Consequently, we recommend that, prior to the budget hearings, the department provide additional information regarding the concerns raised above. Pending receipt of this additional information, we withhold recommendation on the \$9,617,836 proposed under Item 507(b).

Reroof State Garage

We recommend Item 507(b) be deleted, a reduction of \$454,200.

The department proposes \$454,200 for preliminary plans, working drawings and construction to reroof the existing state garage at 1416 10th Street, Sacramento. The five level garage serves as the Sacramento state car garage, and also includes employee parking. A consulting engineer has recommended that the existing roofing material be removed and a new

DEPARTMENT OF GENERAL SERVICES —Continued

system be installed to prevent further damage to the structural system of the garage due to water leakage. The department has attempted to patch various areas. This solution, however, has proven ineffectual.

The proposed replacement of the roof at this facility should proceed in order to prevent further damage to the structure. However, the proposed funding source for this project is inappropriate, for two reasons: (1) a substantial portion of the garage facility is devoted to employee parking, and funds from fees collected for employee parking should be applied to fund the needed roof repairs, and (2) the Fleet Administration Division of the Department of General Services utilizes the balance of the structure and should fund a portion of the repairs through the Service Revolving Fund.

The department should determine an appropriate proration of costs between the Employee Parking Fund and the Service Revolving Fund. A revised proposal modifying the funding source for this project would warrant legislative support.

Because our analysis indicates that the needed repairs should not be financed by the General Fund, we recommend deletion of Item 507(b), for a reduction of \$454,200 to the General Fund.

Computerized Building Control—New San Jose State Building

We recommend Item 507(c) be deleted, a reduction of \$165,000.

The department proposes \$164,800 for installation of a computerized building control system in the proposed San Jose state office building. This building was recently approved for construction by the State Public Works Board at a total estimated project cost of \$11,884,000. The building is to be funded from \$10,103,900 appropriated by the Legislature and an additional cost of \$1,780,100 from augmentation funds approved by the State Public Works Board. The proposed computer system would supplement the control system which has been approved in the existing plans for the building.

The State Public Works Board approved a substantial augmentation (19.1 percent) to the construction funds for this building. During the board's review of potential revisions that could reduce the cost of this building, the State Architect stated that the energy systems included in the building design were essential to attain *maximum* energy efficiency. The preliminary plans for this building included a computer control system. This system was apparently deemed unnecessary for energy conservation and was eliminated prior to the completion of construction documents. Thus, addition of the computer system should not be necessary. It is our understanding that the existing plans for the San Jose state office building provide efficient energy conservation techniques, and we see no basis for providing additional funds beyond those approved by the Legislature and the board. Consequently, we recommend deletion of Item 507(c) for a reduction of \$165,000.

Solar Domestic Hot Water System—Resources Building, Sacramento

We recommend deletion of Item 507(d), a reduction of \$195,000.

The budget proposes \$195,000 for installation of a solar domestic hot water heating system for the Resources Building in Sacramento. The system includes solar panels, storage tanks and related piping. The proposed

system would supplement hot water provided by the existing conventional energy system.

The department has prepared an economic analysis in support of the requested construction funds for the solar hot water system. Its analysis indicates that the net discounted pay-back period—energy saved versus funds invested—is 30.9 years. The analysis also shows that the expected life of the solar hot water system is 20 years. While we support the need to conserve energy, we cannot recommend that the proposed conservation project be approved. It is not cost effective because the system would have to last 50 percent longer than its designed life for the state to recoup its investment. There are many energy saving programs, such as building retrofit, temperature controls, etc., that should be undertaken before projects of this cost and marginal energy savings are funded. On this basis, we recommend deletion of Item 507(d) a reduction of \$195,000.

Minor Capital Outlay

We recommend that two projects be deleted, for a savings of \$47,150 in Item 507(e). Further, we withhold recommendation on \$15,985 for installation of automatic doors pending receipt of additional information.

The Department of General Services has proposed five minor capital outlay projects totaling \$165,085. The proposed projects include:

1. Installation of automatic doors for handicapped access, San Bernardino state building (\$15,985),
2. Insulation of exterior walls, Fresno state building (\$20,000),
3. Rehabilitation of vacant space, State and "A" Street, San Diego (\$94,000),
4. Installation of basement exit, Office Building No. 1 (\$27,150),
5. Installation of electrical meters, Sacramento office buildings (\$7,950).

Installation of automatic doors at the San Bernardino state building would provide access for handicapped individuals. We withhold recommendation on the \$15,985 requested for installation of the automatic doors because the Department of Rehabilitation has recently installed a modified automatic door system at one of its field offices which is much less costly than installation of automatic doors. The Department of General Services should investigate the application of this less expensive system at the San Bernardino state building. Pending this review, we withhold recommendation on the requested funds.

The department proposes \$20,000 for installation of additional insulation on the exterior walls of the Fresno state office building to save energy. The department has not provided the analysis of the energy savings resulting from this project. We, therefore, have no basis for evaluating the project and recommend deletion of the proposed \$20,000.

The department proposes installation of an additional exit from the basement of the Office Building No. 1 in Sacramento. This exit would provide an additional fire egress system for occupants of the basement. This project should be included in the proposed major capital outlay program for fire and life safety corrections to Office Building No. 1. Needed modifications should not be requested on a piece-meal basis. We, there-

DEPARTMENT OF GENERAL SERVICES —Continued

fore, recommend deletion of the \$27,150 proposed under minor capital outlay for this project.

The proposed modifications to the State and "A" Street building in San Diego would allow use of vacant state office space. We recommend approval of the proposed funds. The department, however, should identify the existing lease space in San Diego that will no longer be needed as a result of this project.

Installation of electrical meters in Sacramento will remedy a safety hazard for maintenance personnel in these buildings, and we recommend approval.

DEPARTMENT OF GENERAL SERVICES

Item 508 from the Service Revolving Fund—other

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Requested 1980-81	\$179,900
Recommended reduction	179,900

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Heating, Ventilation and Air Conditioning Improvements— 1536 Archives Building, Sacramento. Reduce by \$52,600. Recommend project planning funds be deleted.*
2. *Heating, Ventilation and Air Conditioning Improvements— 1536 Agricultural Building, Sacramento. Reduce by \$127,300. Recommend project planning funds be deleted.*

ANALYSIS AND RECOMMENDATIONS

Heating, Ventilation and Air Conditioning Improvements, Sacramento Office Buildings

We recommend that Item 508 be deleted, a reduction of \$179,900.

The budget proposes planning funds to upgrade the heating, air conditioning and ventilation in two General Services buildings in Sacramento. Item 508(a) proposes \$52,600 for preliminary plans and working drawings for upgrading of the heating, ventilation and air conditioning (HVAC) system in the Archives building. The estimated future cost for construction is \$754,000. Item 508(b) proposes \$127,300 for preliminary plans and working drawings to upgrade the HVAC system in the Agricultural building, with future costs estimated to be \$1,826,700. The department indicates that the existing HVAC systems in these buildings are inefficient and do not provide necessary tenant comfort. The proposed projects would modify existing supply and return air duct work and revise the hot water, chilled water and control systems. The budget proposes that planning amounts be funded from the Service Revolving Fund (other). Funds for the proposed projects would be generated through rent charges for all state-owned space under the jurisdiction of the Department of General Services.

Our analysis indicates that the proposed upgrading of the HVAC systems is not justified at this time.

1. *Cost Basis Inconsistent.* The budget estimates for the proposed project use the Lee Saylor Index (LSI). In budget instructions for the 1980-81 budget, the Department of Finance advised agencies that project costs would be calculated on the basis of Engineering News Record (ENR) index. We have no basis on which to evaluate the requested construction amount, and we question the use of a cost index other than the one used for all other state agencies.

2. *Extent of Problem Not Identified.* The department indicates that it is unable to maintain comfortable temperatures in these buildings at all times. However, no information has been submitted that would indicate the frequency with which the temperature has been outside the established range of 65° for winter operations to 80° for summer operations.

3. *Central Plant Improvement Project Not Identified.* The Budget Act of 1977 provided \$1.2 million to provide a monitoring system for the heating and cooling plant in Sacramento. The heating and cooling plant currently serves the two buildings proposed for modification. The monitoring system at the central plant is under construction and should aid the department in regulating heating and cooling requirements at these two buildings. The impact of the monitoring system should be studied before funds are committed for a major upgrading of the existing HVAC systems of these buildings.

4. *Less Expensive Alternative Not Identified.* The estimated cost for construction of the proposed modifications at these two buildings is \$2,580,700. The department has not identified any alternatives which could provide improvements of the existing system at less cost. For example, the department indicates that the major problem at the Archives building is the solar heat gain which is experienced in areas adjacent to exterior windows. The heat gain in these areas could be controlled through various heat control devices on the windows. Such low cost solutions should be explored before substantial funds are committed to the upgrading of the entire HVAC system.

Our analysis indicates that the department has not justified the need for the proposed upgrading of the HVAC system in these buildings. The department should reevaluate the need for improvement and, if appropriate, propose alternative means of providing the (65°F to 80°F) temperature range in these buildings. We, therefore, recommend the proposed planning funds under Item 508 be deleted for a savings of \$179,900.

DEPARTMENT OF GENERAL SERVICES—Continued

DEPARTMENT OF GENERAL SERVICES

Item 509 from the Energy and
Resources Fund^a

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^a Nonexistent fund that has not been authorized by legislation.

Requested 1980-81	\$1,000,000
Recommended reduction	1,000,000

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1. *Energy Retrofit Projects. Reduce by \$1,000,000.* Recommend funds for unidentified minor capital projects be deleted.

ANALYSIS AND RECOMMENDATIONS

Energy Retrofit Projects

We recommend Item 509 be deleted, a reduction of \$1,000,000.

The budget proposes \$1,000,000 for unspecified projects to implement energy conservation projects in state-owned facilities excluding higher education and some state hospitals. The funds would be appropriated from an Energy and Resources fund which has not been authorized by legislation. The department indicates that the proposed funds are based on energy conservation modifications affecting 2.75 million square feet of state-owned space. The department has established a tentative budget of 40 cents per square foot of building area. Energy conservation projects with the highest potential savings would be identified and funded from the allotted building budget. According to the department the projects to be selected would have a "pay-back" period of no more than 4.5 years and would represent a savings-to-investment ratio of 3.7 to 1. The savings investment ratio would indicate that for each dollar invested in conservation, \$3.70 would be saved over the 20-year life the improvement.

Our analysis indicates that this proposal is deficient in the following respects.

1. *Exceeds General Services' Jurisdiction*—The proposed program would apply to all state-owned facilities excluding higher education and certain hospitals which have already been evaluated. Of the total 55 million square feet identified for potential review, the Department of General Services has responsibility for something less than 5 million square feet. Given the fact that the total square footage under General Services is a minor portion of the proposed program, we question the appropriateness of providing the funds to the Department of General Services.

2. *Duplicates Existing Responsibilities*—The department indicates that since 1977, the State Energy Commission Management Assistance Team has surveyed over 110 state-owned and operated buildings. The proposed retrofit program would be an additional effort in an area where the State Energy Commission has already provided assistance to various state agencies. Furthermore, the Governor's Office of Appropriate Technology has been involved in providing technical assistance to the departments

proposing energy conservation projects. The various state agencies should concentrate on the area of energy conservation and, where appropriate, submit capital improvement projects. Our analysis does not indicate a need for an additional department to be involved in the technical assistance area.

3. *Alternative Funding Mechanisms Available*—The specific projects that would be undertaken have not been identified, although the department has provided some general examples of the types of projects that would be considered. To facilitate the Legislature's control of state spending, specific projects should be funded on the basis of identified savings and associated costs. In this way, the identified energy savings can be reflected in the maintenance and operation budget of the appropriate department. The proposed lump-sum appropriation for unspecified projects will not provide the needed information to the Legislature.

4. *Technical Data Not Supportable*—The department has submitted a listing of the types of energy conservation options to be considered under this program. However, the economic data assumed by the department is not consistent with actual experience on specific proposals. For instance, the department indicates that solar domestic hot water systems for major office buildings would have a 12-year pay-back period. However, the department's proposal for implementation of such a project for the Resources building in Sacramento (Item 507(d)) indicates that the project has a pay-back period of 30.9 years—a period exceeding the useful life of the system.

For these reasons the proposed funds are not justified, and we recommend deletion of Item 509, a reduction of \$1,000,000.

STATE PERSONNEL BOARD

Item 510 from the General Fund

Budget p. SCS 130

Requested 1980-81	\$39,000
Recommended approval-80	39,000

ANALYSIS AND RECOMMENDATIONS

Minor Capital Outlay

We recommend approval.

The budget proposes \$39,000 for three minor capital outlay projects (\$100,000 or less per project) for the State Personnel Board. The projects would provide facilities to accommodate the physically handicapped in the state-owned building at 801 Capitol Mall, Sacramento. Projects proposed include (1) \$28,167 for modifying existing elevators to meet handicapped accessibility requirements, (2) \$1,083 to lower information counters to accommodate persons in wheelchairs and (3) \$9,750 for alterations to the sixth-floor restrooms to accommodate the handicapped. The amount proposed is reasonable and we recommend approval.

DEPARTMENT OF VETERANS AFFAIRS

Item 511 from the General
Fund

Budget p. SCS 150

Requested 1980-81	\$329,241
Recommended approval	234,641
Recommendation pending	94,600

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Minor Capital Outlay. Withhold recommendation on environmental improvements at the Veterans' Home pending receipt of hospital master plan. 1540

ANALYSIS AND RECOMMENDATIONS

Minor Capital Outlay

We withhold recommendation on \$94,600 for one minor capital outlay project, pending receipt of the hospital master plan.

The budget contains \$324,241 for six minor capital outlay projects (\$100,000 or less) for the Department of Veterans Affairs. These projects would provide improvements at the Veterans' Home in Yountville. Table 1 summarizes the proposed projects.

Table 1
Department of Veterans Affairs
Minor Capital Outlay
1980-81

<i>Project</i>	<i>Budget Amount</i>
1. Fire and life safety corrections, Section E	\$35,399
2. Fire and life safety corrections, Section B	51,871
3. Fire and life safety corrections, Section G	51,871
4. Code Corrections, Intensive Care Unit	95,500
5. Environmental Improvements, Ward 1A	94,600
Total	\$329,241

Code Correction Projects. The three projects for fire and life safety corrections are needed to make corrections as required by the State Fire Marshal. These modifications include installation of exit signs, panic hardware and fire alarm systems. The project for the intensive care unit would provide an isolation room and restroom facilities required under the California Administrative Code. The proposed projects are needed and we recommend approval.

Environmental Improvements. The department proposes one project in Ward 1A to upgrade an existing facility as a pilot project to meet environmental standards established by licensing and certification regulatory agencies. It is our understanding that the department has prepared a master plan for modifying the balance of the hospital to meet licensing and certification requirements. This information should be made available so that the Legislature will have an adequate basis for assessing the total

needs, costs and benefits of altering the Veterans' Home. Consequently, we recommend the department submit the proposed master plan development to the chairmen of the fiscal committees and the Chairman of the Joint Legislative Budget Committee prior to legislative hearings. Pending receipt of the master plan, we withhold recommendation on the \$94,600 for environmental improvements in Ward 1A.

DEPARTMENT OF TRANSPORTATION

Item 512 from the Transportation Planning and Development Account, State Transportation Fund

Budget p. BT 89

Requested 1980-81	\$35,000,000
Recommendation pending	35,000,000

ANALYSIS AND RECOMMENDATIONS

See discussion under Department of Transportation (Items 171-183).

DEPARTMENT OF TRANSPORTATION

Item 513 from the State Highway Account, State Transportation Fund

Budget p. BT 89

Requested 1980-81	\$109,383,000
Recommended approval	95,495,000
Recommended reduction	16,316,139 ^a

^a This recommended reduction is also displayed in our analysis of Items 171-183.

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. *Land and Building Improvements. Reduce by \$13,888,000.* Recommend reduction in unsubstantiated requests for improvements to department facilities.
2. *Road Equipment. Reduce by \$2,428,139.* Recommend reduction of amount overbudgeted for purchase of road equipment and passenger vehicles.

ANALYSIS AND RECOMMENDATIONS

See discussion under Department of Transportation (Items 171-183.)

DEPARTMENT OF TRANSPORTATION

Item 514 from the California
Environmental License Plate
Fund

Budget p. BT 89

Requested 1980-81	\$148,125
Recommended approval	148,125

ANALYSIS AND RECOMMENDATIONS

See discussion under Department of Transportation (Items 171-183).

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL

Item 515 from the General
Fund

Budget p. BT 117

Requested 1980-81	\$28,000
Recommended reduction	28,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Minor Capital Outlay. Reduce by \$28,000. Recommend 1542 two proposed minor capital outlay projects be deleted.*

ANALYSIS AND RECOMMENDATIONS

Minor Capital Outlay

We recommend Item 515 be deleted, a savings of \$28,000.

The budget proposed \$28,000 from the General Fund for two minor capital outlay projects for the California Highway Patrol. These projects would provide solar domestic hot water systems at the Los Angeles Headquarters Building (\$17,000) and the San Diego area office (\$11,000). The projects would reduce energy consumption by supplementing the existing conventional domestic hot water system.

The economic analyses provided for the projects indicate that the discounted "payback" period is 18.3 years for the Los Angeles project and 10.1 years for the San Diego project.

The economic analysis is based on 10 percent discount rate and assumes:

- Electrical rates will increase 13 percent to 20 percent faster than the general inflation rate during the next five years.
- Electrical rates will increase 12 percent to 17 percent faster than the general inflation rate for the following 15 years.
- Employees use 1.7 gallons of hot water per day.
- Water is to be stored at 140° F.

We have not received any information to substantiate the assumed energy cost increases or the assumed usage factors. In any event, the indicated cost savings is not advantageous in relation to alternative methods to conserve energy. For instance, the storage temperature of the

existing hot water system could be reduced at no cost to save energy. The federal Department of Energy guidelines for energy audits recommends 110° F for storage of domestic hot water. Based on the no cost alternative available and the lack of substantiating information, we recommend deletion of the proposed funds for a reduction of \$28,000.

Furthermore, capital outlay funds for the patrol have historically been provided from the State Transportation Fund, Motor Vehicle Account. There is no basis for funding the proposed projects from the General Fund. Consequently, we recommend that if the proposed projects are approved, funds be provided from the State Transportation Fund.

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL

Item 516 from the State Transportation Fund, Motor Vehicle Account

Budget p. BT 117

Requested 1980-81	\$6,202,815
Recommended approval	3,313,991
Recommended reduction	1,068,374
Recommendation pending	1,820,450

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Funding Mechanism for Field Offices. We recommend capital outlay procedures be improved. If such procedures cannot be improved, facilities' needs should be met on a lease with purchase option basis. 1544
2. Augmentation Limit on Purchase of Leased Facilities. Recommend budget language to limit administrative costs —related to purchase options—to the amount appropriated. 1547
3. *New Area Office—Arrowhead.* Reduce by \$247,000. Recommend project be deleted. 1549
4. *New Area Office—San Andreas.* Reduce by \$242,900. Recommend project be deleted. 1549
5. *New Area Office—Trinity River.* Reduce by \$115,500. Recommend project be deleted. 1549
6. *New Area Office—Lakeport.* Reduce by \$333,400. Recommend project be deleted. 1549
7. New Area Office—Dublin. Withhold recommendation pending additional information. 1550
8. *Motor Transport Facility.* Reduce by \$30,000. Recommend project be deleted. 1551
9. New Area Office—Hollister/Gilroy. Withhold recommendation pending receipt of additional information. 1552
10. New Area Office—Santa Barbara. Withhold recommendation pending additional information. 1552

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL—Continued

dation pending receipt of additional information.

11. *Minor Capital Outlay. Reduce by \$99,574.* Recommend 1552
two projects be deleted.

ANALYSIS AND RECOMMENDATIONS**MEETING FACILITY NEEDS THROUGH CAPITAL OUTLAY FUNDING
AND LEASE WITH PURCHASE OPTION****Background**

The Supplemental Report of the 1979 Budget Act included the following language:

"The Legislative Analyst shall include, in next year's analysis, an evaluation of the criteria and review procedures that should be applied in determining funding for building needs through capital outlay appropriation or build-to-suit lease with purchase option."

The Legislature directed our office to conduct this evaluation in order to resolve a long standing issue: What is the best method for meeting the facility needs of the Departments of the California Highway Patrol and Motor Vehicles?

—Direct capital outlay appropriation of funds for land and construction,
or

—Build-to-suit lease with purchase option.

Under the *capital outlay* process, a department requests an appropriation of funds for land acquisition, working drawings and construction of a proposed facility. Under the *lease with purchase option* financing method, the department solicits bids from prospective lessors, which includes a provision that the facility may be purchased by the state for a specified amount on a specified future date. Generally, the purchase option dates are between two years and 10 years from the effective date of the lease.

Summary of Findings

- Under ideal conditions, capital outlay funding is less expensive than lease with purchase option.
- Historically, capital outlay projects have been more expensive than lease with purchase option projects because: (1) it takes the state longer to acquire a site, (2) it takes the state longer to design the building, and (3) the quality of a state-owned facility often exceeds the agency's needs.
- Capital outlay projects take longer to complete than lease with purchase option facilities because of delays in site acquisition, design and construction.

Summary of Recommendations

We recommend that:

- New proposed facilities continue to be funded as capital outlay projects and reviewed through the normal budgetary process.
- Capital outlay projects be expedited by securing purchase options for proposed sites.
- Capital outlay project designs and specifications be simplified to low-

er costs and expedite construction.

- Where leases for existing adequate facilities cannot be renewed and a new build-to-suit lease must be negotiated (because capital outlay funds are not available), the new lease contain an option to purchase.
- Any proposed lease with purchase option agreement be (1) approved by the Director of Finance and (2) reported to the chairmen of the fiscal committees and the Chairman of the Joint Legislative Budget Committee 30 days before (a) the Department of General Services initiates a proposal for a build-to-suit facility and (b) a construction bid is accepted.
- All facilities' needs be met by lease with purchase option agreements if capital outlay procedures cannot be revised to expedite acquisition and reduce construction costs.

Capital Outlay Versus Lease-With-Purchase-Option Costs

Theoretical Cost Differences. In comparing the cost of acquiring new facilities through the capital outlay and lease with purchase option methods, we assume that:

- The time and expense involved in land acquisition is the same for both methods;
- The facilities are equal with respect to quality, size, and amenities;
- The time and expense involved in construction is the same for both methods.

Under these assumptions the only cost differences between capital outlay and lease with purchase option projects (1) involve the cost of invested capital and (2) property tax liabilities.

Lessors generally have to pay more for their capital than the state does. While lessors must pay prevailing market rates, the state uses its own surplus funds to finance capital outlay. While the state foregoes interest on these funds, its earnings rate is generally well below the cost of capital to a lessor.

The lessor must also pay property taxes on the facility he owns, while state-owned facilities are exempt from local property taxes.

These additional costs must be recovered by the lessor through the rental rate, and/or the purchase option price. As a result, the state eventually pays for these additional costs, which it would not incur if the identical facility were constructed under capital outlay funding. For identical facilities, the overall cost of acquiring the facility should be less under capital outlay than under a lease with purchase option.

Cost Differences in Practice. Despite the theoretical advantages of the capital outlay procedure, our analysis of previously approved capital outlay projects and lease with purchase option projects indicates that costs for the former tend to be higher than costs for the latter. This is because some of the assumptions made in the hypothetical analysis are not borne out in practice. Specifically:

1. *The time needed to acquire a site is longer under capital outlay, and therefore costs are higher.* The land acquisition phase of capital outlay projects is often delayed because of the extended time needed

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL—Continued

for site evaluation, site selection, negotiations, appraisals and settlements. These delays generally do not occur in connection with lease with purchase option projects because the department secures purchase options for proposed site, and assigns the option to the successful low-bid contractor for the lease building.

2. *The time needed for design is longer, resulting in higher costs.* The Office of State Architect typically requires approximately one year for preparation of preliminary plans and working drawings for field office facilities. Under lease with purchase option proposals, the design for the facility is accomplished by the Space Management Division in approximately three months. The final design by the lessor is completed in approximately three months after award of the bid. Thus, design time can be six months longer under capital outlay than lease with purchase option.
3. *The type of design and quality of construction is more expensive under capital outlay.* The Office of State Architect (OSA) prepares plans and specifications for capital outlay projects. The plans are usually based on a standard floor layout, revised to meet site conditions and local requirements. These plans often include extensive landscaping, solar heating and architectural features which are not found in lease with purchase option projects. Moreover, the OSA's construction specifications are exacting. A typical field office specification includes over 300 typewritten pages. Lease with purchase option proposals are bid on the basis of performance specifications which allows the bidder flexibility in providing the needed facilities. The performance specifications include approximately 70 pages of description.

These factors have delayed projects and increased costs to the extent that, in practice, capital outlay is much more expensive than lease with purchase option. Moreover, there is no evidence that the higher costs incurred under the capital outlay method result in any additional benefit to the state.

Improvements in Capital Outlay Procedures Needed

The delays and higher costs experienced in completing projects using the capital outlay approach can be remedied if procedures are revised as follows:

Purchase Options for Proposed Sites. The same procedure used to select sites under the lease with purchase option method should be used for capital outlay projects. When the department has identified a need for a facility, and funds have been included in the Governor's Budget, the department should acquire a purchase option for a viable site. The optioned property would establish a firm funding level for acquisition of the needed site. Then, if funds are approved by the Legislature, the acquisition could proceed immediately upon enactment of the budget. While some additional costs would result because of staff time expended on projects that are subsequently denied by the Legislature, these costs would be more than offset by the savings made possible due to reduced acquisition time for approved projects. Accelerating site acquisition by

even a few months would avoid potential inflationary cost increases.

Simplify Plans and Specifications. The increased use of performance specifications and simplified design for capital outlay projects would expedite project development, and provide adequate facilities at lower costs.

If these changes are made, the state will be more likely to realize the cost advantages offered by the capital outlay approach. Consequently, we recommend that supplemental report language be adopted directing the Department of General Services to implement the needed capital outlay procedure improvements and report to the Legislature by November 1, 1980, on the changes that have been implemented and the progress made toward expediting the capital outlay program.

Because of the cost advantages offered by the capital outlay approach, the facility needs for the Department of Motor Vehicles and the California Highway Patrol should continue to be funded under the capital outlay process. If the Department of General Services report indicates that improvements in the capital outlay process cannot be implemented, the Legislature should consider meeting future facility needs on a lease with purchase option basis. Such a determination would require that specific approval and reporting requirements be established for adequate legislative review.

Improvements Needed in Leasing Facilities

In some instances the state cannot meet a justified facility need using the capital outlay method (for instance, when a lease for an existing facility which is adequate to meet the department's immediate needs cannot be renewed and is about to expire). In such cases, the only alternative available to the department is to secure alternate space on a leased basis. The current programmatic design and parking requirement for field offices generally requires that leases be secured on a build-to-suit basis because general office type facilities are not adequate. The long-term rental costs for these leased facilities are higher than the equivalent costs for a capital outlay project or for a lease with option to purchase project.

Our analysis indicates that in those rare instances where cancellation of existing leases cannot be anticipated in sufficient time to secure capital outlay funding for a new facility, any proposed build-to-suit leased facilities should be negotiated with an option to purchase. This would avert the potential high cost of a long-term lease. Because of the future cost implications of such projects, the Department of Finance should approve such proposals and the Legislature should be provided 30 days to review (1) proposed leases, and (2) construction bids. In our analysis of Budget Bill control sections we will recommend modifications of the applicable existing control language.

Proposed Leased Facilities

We recommend adoption of control language in Item 516 to limit administrative costs for purchase of lease facilities.

The budget includes funds to exercise purchase options for four California Highway Patrol area leased offices. The lease agreements for these facilities allows the state to purchase the facilities on specified dates. Table

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL—Continued

1 shows the specified purchase price funds necessary for the Department of General Services to exercise the option and the date of the purchase option.

Table 1
California Highway Patrol
Purchase of Leased Facilities
1980-81

Budget Item	Location	Budget Bill Amount	Purchase Price	Administrative Cost ^a	Option Date
516(a).....	Sacramento	\$589,012	\$583,181	\$5,831	10/1/80
516(b)	Buellton	454,500	450,000	4,500	1/1/81
516(c).....	Contra Costa	246,945	245,000	2,445	1/1/81
516(d)	Hayward	327,240	324,000	3,240	4/1/81

^a General Services.

The purchase of these leased facilities will provide needed space at less cost to the state than continued leasing. The department indicates that the facilities are adequate to meet the patrol's needs, and we recommend that the proposed funds to purchase them be approved.

Limit on Administrative Cost. The proposed budget requests includes an amount for "administrative cost" for the Department of General Services (DGS). These amounts are intended to cover the cost of staff time involved in executing the purchase option. The proposed funds for staff time are reasonable, and we recommend approval. We recommend, however, that control language be adopted to limit these charges to the amount appropriated. In the past, the Public Works Board has authorized augmentations for "administrative costs" because the DGS staff time charges exceeded the budgeted funds. Our analysis indicates that the amount proposed by the department—1 percent of the option price—should be adequate to cover DGS charges because the option price is a nonnegotiable contractual agreement.

Exercise Purchase Option on a Timely Basis. The lease agreements for these facilities require the state to exercise the purchase option on a specific date. These dates vary from the second to the 10th anniversary of the lease. On previous projects, the purchase option has not been exercised on a timely basis. One recent example involved the Department of Motor Vehicles Fremont field office which was funded for purchase on the second anniversary of the lease, August 1, 1979. The purchase option was not executed by DGS until August 28, 1979. As a result, the Department of Motor Vehicles made an additional rental payment of \$4,881 for the period from August 1, to August 27, 1979. This rent charge could have been avoided had the DGS executed the purchase option on the date specified in the lease agreement. We recommend that the DGS execute purchase option agreements on the earliest possible date specified in the lease agreement.

New Area Offices: Arrowhead, San Andreas, Trinity River, Lakeport

We recommend Items 516(e), 516(f), 516(g), and 516(h) be deleted, a savings of \$938,800.

The budget proposes \$938,800 for land acquisition for new offices in Arrowhead, San Andreas, Trinity River and Lakeport. Each office would provide space for 25 traffic officers, and the Lakeport project would also provide space for a Department of Motor Vehicles field office. Table 2 summarizes these proposals.

Table 2
California Highway Patrol
Proposed Facilities for Twenty-five Traffic Officers

Project	Cost			Office Building ^b	
	Budget	Future	Total	Proposed	Existing
Arrowhead.....	\$247,000 ^{a w}	\$710,400 ^c	\$957,400	3,168	2,791
San Andreas.....	242,900 ^{a w}	862,600 ^c	1,105,500	3,168	1,692
Trinity River (Weaverville).....	115,500 ^{a w}	677,400 ^c	792,900	3,168	800
Lakeport (CHP and DMV).....	333,400 ^{a w}	1,028,800 ^c	1,362,200	7,368	3,140
Totals.....	\$938,800	\$3,279,200	\$4,218,000		

^a Symbol indicates: a—acquisition; w—working drawings; c—construction.

^b Area in square feet.

The staffing for traffic officers at these offices has been relatively constant. The Arrowhead, San Andreas, and Trinity River offices each have 12 traffic officers and the Lakeport office has 16. At Lakeport and Trinity River, some officers are assigned to a resident post and do not work out of the area office. Based on existing staffing patterns, the need to provide 25-traffic officer facilities at these locations is not justified.

Moreover, the lease agreements for the existing facilities are financially advantageous to the state. Table 3 shows the current annual rent on existing space.

Table 3
California Highway Patrol
Leased Facilities Proposed to be Replaced

Location	Annual Lease	Expires
Arrowhead	\$14,400	8/83
San Andreas	10,200	10/83
Trinity River.....	2,400	5/81
Lakeport CHP and DMV	13,920	7/83
Total	\$30,920	

Construction of state-owned buildings for \$4,218,000 is equivalent to \$395,142 annually—assuming 8 percent interest—over the 25-year building life, compared to total annual rental savings of \$30,920. Thus, these projects are not economically justified, and the department should explore more economical alternatives such as minor improvements to upgrade the existing leased facilities. Even if rental rates were to increase substantially, leasing of these facilities would be much more economical than construction of new facilities.

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL—Continued

In summary, we recommend the proposed funds not be approved because (1) the proposed projects would provide space in excess of the department's staffing needs, and (2) it is more economical to continue to lease the existing facility.

New Field Office—Dublin

We withhold recommendation on \$268,600 for site acquisition and working drawings for the proposed CHP field office in Dublin, pending receipt of additional information.

The budget contains \$268,600 for site acquisition and working drawings for establishing a new CHP field office in Dublin. The Dublin area is presently served by officers assigned to the Contra Costa and Hayward area offices. A total of 47 traffic officers from these two offices patrol the Dublin area and must commute several miles to reach the enforcement area. The department proposes to establish a Dublin area office, thus eliminating the commute time and associated travel costs presently incurred in providing service to the area. The estimated future cost for construction of the proposed facility is \$829,700, resulting in a total project cost of \$1,098,300.

The anticipated cost savings resulting from this project would be \$79,680 per year, based on 1979-80 costs. Table 4 shows the department's identified annual savings and costs for the proposed Dublin area office.

Table 4
California Highway Patrol
Proposed Dublin Area Office
Cost/Savings Analysis

1. Proposed capital expenditures	\$1,098,300
2. Proposed annual savings (1979-80 base)	
(a) 4.0 traffic officers	134,833
(b) Travel cost (324,850 miles)	84,461
Total Annual Savings	\$219,294
3. Proposed annual cost	
(a) 4.5 command and maintenance personnel	129,114
(b) Building utilities	10,500
Total Annual Additional Cost	\$139,614
4. Net Annual Savings (2-3)	79,680
5. 25 years' savings	\$1,992,000
6. Net 25 years' savings (5-1)	893,700

Assuming the proposed facility has a life of 25 years and the annual savings in operating expenses increase at the inflation rate, the net savings to be realized over a 25-year period have a net present value of \$893,700.

We have not received adequate information to substantiate the anticipated capital costs for this project. To facilitate legislative review of this project, we recommend that the department secure a purchase option for a proposed site in the Dublin area prior to budget hearings. This will provide adequate information to substantiate the cost/benefit analysis.

We also recommend that if this project proves to be economically justified, control language be adopted in Item 526 to require the department to reduce the support budget in the year that this new facility is occupied. The support budget should be reduced by the cost of 4.0 traffic officers and

related travel expenses, less the cost of support staff associated with the new office.

Program Planning—Motor Transport

We recommend deletion of Item 516(e), a reduction of \$30,000.

The budget includes \$30,000 for program planning of a new motor transport facility. The facility would be used to modify vehicles for CHP use and recondition used vehicles for resale. The department proposes to relocate the motor transport facility from the site of the old academy on Meadowview Road to the new academy in Bryte. The Stores and Equipment Section—which maintains an inventory of all supplies needed to support CHP field operations—would expand into the space vacated at the Meadowview site. The department indicates that the proposed facility would:

- Improve security of the Motor Transport operations.
- Expand work area for modifying vehicles.
- Expand reconditioning of used vehicles.
- Expand warehouse space at Meadowview.

Our analysis indicates the proposed relocation is not needed because the department has recently instituted a program to retain patrol vehicles for more miles and for longer periods of time. This program should reduce (1) the number of new vehicles required to be procured each year, and (2) the number of used vehicles needing reconditioning. As evidence of this, the 1980-81 budget proposes 1,250 new enforcement vehicles, while the department has based its motor transport needs on 1,500 vehicles per year. The reduced motor transport workload has not been reflected in the department's proposal and the department's needs should be reevaluated based on the reduced workload.

The Stores and Equipment Section is proposed to expand into the 20,000 square feet of space which would be vacated by the Motor Transport Division. The department indicates that this division needs 6,000 square feet. Thus, the proposal would provide a significantly larger amount of space than the indicated need.

Given the fact that the motor transport workload has declined, and that the stated need for stores warehouse is only 6,000 square feet, relocation of the motor transport operation is not justified. The shortfall in the stores area, if substantiated, may be remedied by construction of additional space at the Meadowview site. The department should prepare a revised proposal for expansion and security improvements at the existing location.

We, therefore, recommend that the proposed planning funds for relocating the motor transport operation be deleted, a reduction of \$30,000.

Opportunity Purchase—Santa Ana

We recommend approval.

The budget includes \$727,200 to purchase an existing leased building and property in Santa Ana. This 7,000 square foot building and 1.4 acre site was initially leased in 1968 as a 100-traffic officer facility. At present, there are 85 traffic officers assigned to this office. The lessor has indicated that the existing 15-year lease, which expires in 1983, will not be renewed.

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL—Continued

However, the lessor has advised the department that he would sell the facility to the state. The department proposes \$720,000 for acquisition of the facility and \$7,200 for administrative costs.

The replacement cost of this facility would be over \$1 million, based on the Office of State Architect's estimates for similar projects. The state would also incur additional costs for acquiring the land for a replacement facility. Thus, purchase of the existing facility would be less costly than acquisition of a site and construction of a replacement facility. We, therefore, recommend approval of the proposed funds.

New Field Offices—Hollister/Gilroy and Santa Barbara

We withhold recommendation on Items 516(s) and 516(t), construction funds for two new area offices.

The budget proposes \$702,550 for construction of a new area office in the Hollister/Gilroy area, and \$849,300 for construction of a new area office in Santa Barbara. The existing offices in these locations are not adequate for the number of assigned traffic officers. The Budget Act of 1979 provided \$129,300 for land acquisition and working drawings for a 25-traffic-officer area office in the Hollister/Gilroy area. The Budget Act of 1978 provided \$256,000 for land acquisition and working drawings for a 50-traffic-officer facility in Santa Barbara.

It is our understanding that sites have been selected for these facilities and purchase is expected by March 1980. Because architectural/engineering design of the proposed buildings could not begin until sites had been identified, the adequacy of the requested construction funds cannot be substantiated at this time. Now that sites have been identified, the Office of State Architect should begin preparation of building design and associated specifications (based on the selected sites) so that the necessary information will be available at budget hearings. As previously discussed, we recommend that the design and construction specifications be simplified to reduce design time and construction costs. Pending receipt of the needed plans and specifications, we withhold recommendation on the proposed construction funds.

Minor Capital Outlay

We recommend the deletion of two minor capital outlay projects from Item 516(a) for a savings of \$99,574.

The budget contains \$1,068,668 for minor capital outlay (\$100,000 or less per project) for the California Highway Patrol. The projects include minor building alterations and site improvements such as paving and 19 projects totaling \$545,000 for gasoline storage and dispensing facilities at area offices throughout the state. These gasoline storage/dispensing projects will allow bulk purchase of gasoline at lower costs, and assure availability of fuel. Based on 1978-79 gasoline usage at the 19 offices, the cost savings should amount to \$150,000 per year.

Our review of the proposed program indicates that it is warranted, and we recommend approval of projects totaling \$969,904. However, we recommend deletion of two projects totaling \$99,574.

Previously Funded Project. The budget proposes \$45,000 to modify existing state-owned area offices to eliminate architectural barriers to the

handicapped. While we support the need to provide improved access, this request should not be approved because the project has already been funded. The Budget Act of 1979 provided \$45,000 for the needed work. These funds were to complete all necessary modifications and we have not received any information which justifies additional funds. Consequently, we recommend deletion of the requested \$45,000.

Improvements at Highway Patrol Academy. The budget proposes \$54,574 for construction of a storage building for janitorial supplies and gymnasium equipment. The department indicates that existing storage areas for janitorial supplies are widely dispersed and should be centralized. This project is not needed because there is alternate space available to meet this need. The department converted a portion of a room in the gymnasium into a staff locker area. This area is used by staff who wish to use the gymnasium or exercise equipment. The staff lockers should be relocated to the cadet locker room, and the existing room returned to needed storage use. We, therefore, recommend deletion of the proposed \$54,574 for construction of a new storage building.

DEPARTMENT OF MOTOR VEHICLES

Item 517 from the State Transportation Fund, Motor Vehicle Account

Budget p. BT 133

Requested 1980-81	\$9,699,810
Recommended approval	493,850
Recommended reduction	99,500
Recommendation pending	\$9,106,460

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. New Field Offices—Compton, Los Angeles, Vallejo, Concord and Victorville. Withhold recommendation pending completion of revised preliminary plans. 1555
2. New Field Offices. Recommend the department secure purchase options for proposed new field office sites. 1555
3. New Field Office—Mission Viejo. Withhold recommendation pending receipt of purchase option for proposed site. 1556
4. New Field Office—Southeast San Jose. Withhold recommendation pending receipt of purchase option for proposed site. 1556
5. Modernize Elevators—Headquarters Building. Recommend approval of proposed \$225,000 improvement project. Further, recommend that the department reduce facilities operations budget requests to reflect maintenance savings attributable to this project. 1557
6. *Minor Capital Outlay. Reduce by \$99,500.* Recommend 1558

DEPARTMENT OF MOTOR VEHICLES—Continued

one project be deleted. Further, recommend parking fees be adjusted to recover costs for improvements to employee parking lots.

ANALYSIS AND RECOMMENDATIONS**Capital Outlay Program Improvements**

Space Standards Revised for Workload Changes. The Department of Motor Vehicles has revised the space standards for field offices to account for recent changes in workload:

- The driver's license extension program allows drivers with a clear record to receive a four-year extension by mail. This program will affect 30 percent of driver license renewals.
- Vehicle registration workload has been partially centralized in the headquarters operation, where 62 percent of all vehicle registration renewals are now accomplished.

These changes in workload have resulted in a reduction in field office workload of 8.8 percent. This reduction has been included in revised space programs and preliminary plans for new field offices.

Project Scheduling Improvements. In the past, the department has not proceeded with projects on a timely basis. Through the implementation of improved procedures, however, the department has made significant progress in reducing the backlog of previously approved projects. These procedures result in closer monitoring of projects and better coordination with the Department of General Services. Potential problem areas have been identified and appropriate remedies have been implemented. The department administration has demonstrated a firm commitment to expediting projects, and the department should be commended for its efforts.

Improved Land Acquisition Criteria. The criteria used to evaluate potential sites have been modified to eliminate sites which cannot be acquired within budgeted funds. As a result, site acquisition should be expedited because the department can eliminate nonviable sites at an early stage and concentrate efforts on the remaining identified sites.

Table 1
Department of Motor Vehicles
Field Office Construction Fund Requests
1980-81

Budget Item	Project Location (PSA) *	Previously Approved Funds	Proposed 1980-81	Total
517(a)	Compton (5,600)	\$568,560 a,w	\$1,468,440 c	\$2,057,000
517(b)	Los Angeles (7,200)	879,880 a,w	1,669,820 c	2,549,700
517(c)	Vallejo (2,800)	422,500 a,w	1,106,200 c	1,528,700
517(d)	Concord (4,500)	729,000 a,w	1,400,000 c	2,122,000
517(e)	Victorville (2,300)	257,000 a,w	800,000 c	1,057,000
517(g)	Mission Viejo (5,100)	—	1,600,000 a,w	1,600,000
517(h)	San Jose (3,600)	—	1,062,000 a,w	1,062,000
	Totals	\$2,849,940	\$9,106,460	\$11,956,400

Symbols indicate: a—acquisition; w—working drawings; c—construction.

* Public service area in square feet.

Field Office Construction Program.

The budget includes construction funds for five Department of Motor Vehicle field offices which have been funded for land acquisition and working drawings in prior Budget Acts. The budget also includes funds for two new projects. Table 1 shows the proposed program and previously approved funds.

Our analysis of the proposed projects and the status of each follows:

Construction Funds—Compton, Los Angeles, Vallejo, Concord and Victorville

We withhold recommendation on Items 517(a), 517(b), 517(c), 517(d), and 517(e), pending completion of preliminary plans and estimates.

The budget contains \$6,444,460 in construction funds to complete previously approved projects for field offices in Compton, Los Angeles, Vallejo, Concord and Victorville. Acquisition of land for these projects has been completed, and preparation of schematic architectural designs are underway. The schedule for these projects indicates that preliminary plans will not be completed until May or June, 1980. Architectural design has been delayed because the space needs for these projects were revised to reflect reductions in field office workload. This delay was unavoidable, but as a result, the planning documents and cost estimates needed to judge the adequacy of proposed construction funds are not available. The projects are needed, and if the projects are to proceed on schedule construction funds will be required in the 1980-81 fiscal year. The Office of State Architect should expedite preparation of the preliminary plans and cost estimates to insure that adequate information is available prior to legislative hearings on the budget. We, therefore, withhold recommendation on these projects pending receipt of the necessary information.

Site Acquisitions—New Field Offices

We recommend the Department of Motor Vehicles, in conjunction with the Department of General Services, develop procedures for securing purchase options for proposed field office sites.

Once the need for a new field office has been substantiated, funds are requested in the Governor's Budget for land acquisition and working drawings for the proposed project. The land acquisition budget is based on the Department of General Services' review of available sites and market conditions. Often, the proposed acquisition budget is not based on adequate site availability and cost information, and this sometimes results in acquisitions being delayed.

Such delays do not normally occur when facilities are developed under the lease with purchase option method because purchase options for potential sites are obtained by the state. Purchase options for proposed capital outlay site acquisitions would expedite acquisition and provide the Legislature with better site cost information. For this reason, we recommend that the Department of Motor Vehicles develop a procedure for securing purchase options for proposed capital outlay projects. Site investigations should be conducted immediately upon introduction of the Governor's Budget. Viable sites should be identified, and purchase options

DEPARTMENT OF MOTOR VEHICLES—Continued

secured for available sites prior to legislative hearings on the budget. In this way, acquisitions for approved projects could proceed immediately upon enactment of the budget. We estimate that this process would save at least six months to one year in acquisition time, and avoid potentially higher costs due to inflation.

Land Acquisition and Working Drawings—Mission Viejo

We withhold recommendation on Item 517(g) pending receipt of additional information on site costs. Further, we recommend the proposed site be reduced by 25,000 square feet.

The budget includes \$1,600,000 for land acquisition and working drawings for a DMV field office in Mission Viejo. The department projects a substantial growth in population in this area. The proposed field office would provide adequate space to meet the workload projected for 1995. The field office would include 5,100 square feet of public service area and related offices/support space, for a total building area of 11,000 square feet plus 151 parking spaces. The budget proposes \$1,450,000 for acquisition of a 3.5 acre site, and \$150,000 for preparation of preliminary plans and working drawings. Future construction funds of approximately \$1.3 million would be required to complete the project. The total estimated project cost, including land acquisition and construction is \$2.9 million.

Our analysis of this project indicates that (1) the proposed site is too large and (2) land acquisition costs are based on inadequate information.

Site Too Large. The budget proposes acquisition of a 150,000 square foot (3.4 acres) site. Recent planning guidelines developed by the department indicate that 125,000 square feet (2.9 acres) would be adequate for the building, the 151 parking spaces and associated development. We, therefore, recommend the project be revised to reflect a site need of 125,000 square feet, rather than 150,000 square feet. Based on the current land acquisition cost estimate, the reduction would save \$238,000.

Site Purchase Options Needed. The proposed site acquisition cost of \$1,450,000 represents a cost of \$9.50 per square foot—\$414,000 per acre. This cost is based on an estimate prepared by the Department of General Services, Real Estate Services Division (RESD).

In accordance with our prior recommendation, we recommend the Department of Motor Vehicles and RESD evaluate currently available sites and negotiate a purchase option agreement that would allow purchase of the property by the state once the required funds have been appropriated by the Legislature. In this way, adequate information on site costs would be available at budget hearings. We withhold recommendation on this project pending the results of this site search and the acquisition of a purchase option.

Land Acquisition and Working Drawings—Southeast San Jose

We withhold recommendation on Item 517(h) pending receipt of additional information. Further we recommend the proposed site be reduced by 19,000 square feet.

The budget contains \$1,062,000 for land acquisition and working drawings for a new DMV field office in southeast San Jose. The project would

reduce workload demand at the existing San Jose DMV office, and provide for future population growth in the area. The proposed project includes an 8,200 square foot building with a public service area of 3,600 square feet plus 95 parking spaces. Construction of the facility would require an additional \$1.4 million, for a total project cost of \$2,462,000.

This project is needed to alleviate the serious overcrowded conditions at the existing San Jose office. The proposed land acquisition funds, however, are not based on adequate information. (Our concerns regarding this project are the same as those regarding the Mission Viejo project.)

Site Too Large. Based on the department's guidelines the proposed building and parking facilities can be accommodated on a site containing approximately 81,000 square feet. The budget proposes a site of approximately 100,000 square feet. Therefore, we recommend the acquisition project be reduced by 19,000 square feet. Based on RESD cost estimate, this would reduce acquisition costs by \$171,000.

Site Purchase Options Needed. The budget proposes \$900,000 for acquiring the proposed 100,000 square foot site. This represents a cost of \$9 per square foot—\$390,000 per acre. Pursuant to our recommendation, sites available in the area should be identified, and the RESD should secure purchase option agreements prior to legislative budget hearings. This would provide adequate cost information, and significantly accelerate acquisition of the site. We, therefore, withhold recommendation on Item 517(h) until the needed purchase options have been secured.

Elevator Modifications—Sacramento Headquarters

We recommend approval of Item 517(f). Further, we recommend that the savings in maintenance costs attributable to this project be reflected in subsequent budget requests.

The budget proposes \$225,000 to modify the elevators and escalators in the Department of Motor Vehicles Sacramento Headquarters buildings. The project includes new elevator controls, various system components in need of replacement, and modifications to provide handicapped access, firemen's service and earthquake protection. The project includes \$25,000 for maintenance of the elevators for the year after completion of the project. The Office of State Architect has surveyed the existing equipment and has recommended these renovations.

This project will generate savings in the support budget. Currently, maintenance for this equipment is provided through a five-year service agreement at a cost of \$52,800 per year. The support budget funds will not be needed after commencement of the project, because project funds include one year's maintenance. Upon award of a construction contract for the proposed improvements, the existing service agreement will be cancelled. Future maintenance costs beyond the first year, will also be significantly less than under the current contract. Consequently, we recommend that the department's future facilities operation budgets reflect the savings to be realized under this project.

DEPARTMENT OF MOTOR VEHICLES—Continued**Minor Capital Outlay**

We recommend that one project be deleted, for a reduction of \$99,500 in Item 517(i). Further, we recommend that employee parking fees be adjusted to recover costs for parking lot improvements.

The budget proposes 13 minor capital outlay projects (100,000 or less per project) totaling \$368,350. Table 2 summarizes the request.

Table 2
Department of Motor Vehicles
Minor Capital Outlay
1980-81

<i>Projects (In Priority Order)</i>	<i>Budget Bill Amount</i>	<i>Analyst's Proposal</i>
1. Install floor drains and modify sidewalk and curb radius—Chula Vista	\$3,000	\$3,000
2. Install parking lot lights—Oakland	29,500	29,500
3. Construct air-conditioning plenums—San Jose	22,500	22,500
4. Construct air-conditioning plenum—Corte Madera	16,750	16,750
5. Remove handicapped barriers—various field offices	100,000	100,000
6. Expand building—El Centro	99,500	—0—
7. Enlarge control cashier room—Stockton	1,400	1,400
8. Enlarge control cashier room—San Jose.....	2,300	2,300
9. Enlarge control cashier room—Oakland	10,200	10,200
10. Remodel DIA District Office—Sacramento Headquarters	3,500	3,500
11. Install motorcycle parking—Sacramento Headquarters.....	8,000	8,000 ^a
12. Parking lot fencing, Lots A & C—Sacramento Headquarters	62,000	62,000 ^a
13. Construct additional bicycle and moped parking—Sacramento Head- quarters	9,700	9,700 ^a
Totals	\$368,350	\$268,850

^a Recommend parking fees be increased to recover these costs.

We recommend approval of 12 projects, and deletion of one project.

El Centro Field Office. The department proposes construction of a 1,000 square foot addition to the existing El Centro field office. The project would expand the public service area from 1,600 square feet to 2,600 square feet at a cost of \$99,500. Our analysis of reductions in workload that will occur because of recent changes in the registration and drivers' license program indicates that the capacity of the existing El Centro office is within 10 percent (150 square feet) of the ideal space standard. Thus, the deficiency at this facility is not significant, and construction of a 1,000 square foot addition is not justified. We, therefore, recommend deletion of the proposed project, for a reduction of \$99,500.

Parking Lot Improvements. The department proposes three projects totaling \$79,700 to improve employee parking lots at the DMV headquarters in Sacramento. One project would improve security of the lots through construction of a control gate and a perimeter fence, at a cost of \$62,000. The other two projects would provide additional motorcycle parking for \$8,000 and additional moped and bicycle parking for \$9,700. These projects would be funded from the Motor Vehicle Account of the State Transportation Fund.

The department does not maintain a separate fund for parking revenues and expenses. At present, employees pay \$2.50 to \$4.50 per month for

parking—compared to \$10.50 per month for other uncovered state parking space in Sacramento—and approximately \$25,000 per year is deposited in the Motor Vehicle Account as revenue.

Currently there is no way to determine if DMV parking revenues are recovering the costs to operate the parking lots. The Department of General Services, which operates parking lots with approximately 5,000 spaces in the downtown area, maintains separate accounts for all parking operations. Costs for maintenance, police protection and improvements are recovered through the parking fund authorized by Section 14678 of the Government Code. We recommend (1) the Department of Motor Vehicles adopt separate accounts for employee parking, as the Department of General Services does, and (2) rates for parking be adjusted to recover annual operating costs and the \$79,700 proposed for improvements to employee parking lots.

CALIFORNIA CONSERVATION CORPS

Item 518 from the General Fund

Budget p. R 13

Requested 1980-81	\$200,990
Recommended reduction	200,990

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Minor Capital Outlay. Reduce by \$200,990.* Recommend that proposed minor capital outlay projects for the California Conservation Corps be deleted. 1559

ANALYSIS AND RECOMMENDATIONS

Minor Capital Outlay

We recommend that Item 518 for minor capital outlay be deleted, a reduction of \$200,990.

The budget proposes General Fund expenditures of \$200,990 for minor capital outlay (\$100,000 or less per project) for the California Conservation Corps. The funds would provide for improvements to the base centers and the training academy operated by the Corps. Table 1 summarizes the 36 projects requested by the department.

Table 1
California Conservation Corps
Minor Capital Outlay
1980-81

Description	Number of Projects	Amount
1. Improvements to meet basic living unit needs.....	14	\$119,050
2. Improvements to correct health and safety deficiencies.....	17	42,500
3. Training and program support projects.....	4	9,440
4. Initial upgrading of new center.....	1	30,000
Totals	36	\$200,990

CALIFORNIA CONSERVATION CORPS—Continued

Projects for improvements to basic living units include upgrading of barracks, food service and restroom facilities. The health and safety projects would correct deficiencies that have been noted by either the State Fire Marshal, sanitation officers or Environmental Health officials. The training and program support projects would provide workshops, gardens, classrooms or construction exercises to train Corps members. Finally, one new center is proposed in an unspecified urban setting and \$30,000 is proposed for initial alterations to upgrade an existing building to meet the Corps requirements.

The California Conservation Corps (CCC) is authorized to operate until January 1, 1981. Funds for improvements to facilities operated by CCC should not be approved until the Legislature decides whether the CCC will continue beyond the termination date. Any subsequent legislation which would authorize continuation of the Corps beyond the present termination date, should provide funds for the necessary projects. In addition, minor capital outlay funds have been reallocated in the current year to meet the highest priority needs. Consequently, any delay in implementation of the proposed project should not have an adverse impact on the program. On this basis, we recommend that funds for capital improvements at CCC facilities not be approved in the budget, and that the funds proposed under Item 518 be deleted, for a reduction of \$200,990.

CALIFORNIA CONSERVATION CORPS

Item 519 from the General Fund, State Energy Resources Conservation and Development Special Account

Budget p. R 13

Requested 1980-81	\$73,000
Recommended reduction	73,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Minor Capital Outlay. Reduce by \$73,000. We recommend Item 519 be deleted for a reduction of \$73,000.* 1560

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We recommend that Item 519 for minor capital outlay be deleted, a reduction of \$73,000.

The budget proposes \$73,000 from the State Energy Resources Conservation and Development Special Account of the General Fund for minor capital outlay for the California Conservation Corps. The funds would be used to provide a 40-person living facility to house Corps members attending solar training at the Growlersburg facility operated by the Depart-

ment of Forestry. At present, Corps members do not have adequate and convenient housing when attending this training program, and the CCC proposes installation of modular facilities on land made available by the U.S. Bureau of Land Management. The proposed facilities include five barracks facilities, two restroom facilities, a messhall and related utilities. The proposed funding source for this project derives its revenue from a surcharge on utility charges throughout California.

Funds for the continued operation of the CCC should be included in legislation if the Legislature decides to extend the Corps beyond its current termination date of January 1, 1981. Furthermore, in our analysis of the department's support budget (Items 201 and 202), we have pointed out several problems regarding the proposed new program to be housed at this location:

- It is a new program which should not be implemented until legislation authorizes continuation of the CCC.
- Solar panels produced at Growlersburg have not been evaluated for efficiency or cost effectiveness.
- The funding source is inappropriate.
- The program would operate with Department of Corrections inmates, which may pose a safety problem for CCC trainees.
- The source of funding for materials has not been clearly established.
- Existing resources can fund the program.

If the new program is approved by the Legislature, the department's proposed means for providing adequate housing is a reasonable and low cost solution for providing the needed facilities. However, given the fact that (1) the Legislature has not authorized continuation of the CCC beyond January 1, 1981, and (2) the proposed funding source for this project is not appropriate, we recommend deletion of Item 519.

CALIFORNIA CONSERVATION CORPS

Item 520 from the Energy and
Resources Fund ^a

^a Nonexistent fund which is contingent on passage of authorizing legislation.

Budget p. R 13

Requested 1980-81	\$154,000 ^a
Recommended reduction	154,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis

page

1. *Minor Capital Outlay. Reduce by \$154,000.* Recommend 1562 proposed energy conservation and solar energy projects be deleted.

CALIFORNIA CONSERVATION CORPS—Continued**ANALYSIS AND RECOMMENDATIONS****Minor Capital Outlay**

We recommend that Item 519 for minor capital outlay be deleted, a reduction of \$154,000.

The budget proposes \$154,000 from the Energy and Resources Fund for 20 minor capital outlay projects (\$100,000 or less per project) for the California Conservation Corps. (This fund is not authorized by existing law and legislation would have to be passed in order for the proposed projects to proceed.) The request includes 14 projects for \$8,000 each (\$112,000) which would provide basic energy conservation improvements at existing CCC centers. The improvements include installation of additional insulation, weatherstripping and other low cost energy conservation measures. The proposed amount per center is based on a prototypical application, and individual projects have not been identified. An additional \$42,000 would provide installation of supplemental solar hot water heating at six base centers. The solar energy systems would be manufactured and installed by Corps members participating in the Solar Energy Technology Training Program at Growlersburg. This program is proposed for funding in the support budget.

We have recommended in our analysis of the department's support budget and capital outlay General Fund appropriation that additional funds for the Corps not be approved in the budget, and that any legislation to extend the Corps beyond its present termination date of January 1, 1981 provide whatever additional funds the Legislature determines are needed. For this reason, we do not recommend that funds be appropriated at this time.

Moreover, we have not received adequate information to justify the proposed energy conservation projects. Such projects should be analyzed in terms of the specific energy savings to be generated by the project. The CCC has proposed a very general program for energy conservation, and specific information on the individual sites has not been developed. If these projects are to proceed, the CCC should develop data to substantiate the energy savings for the proposed modifications and the solar hot water applications.

DEPARTMENT OF FORESTRY

Item 521 from the General Fund

Budget p. R 58

Requested 1980-81	\$3,538,144
Recommended approval	2,672,399
Recommended reduction	865,745

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Capital Outlay Funding Source. Recommend adoption of 1563 Budget Act language that would fund capital outlay program from state tidelands oil revenues.
2. *Minor Capital Outlay.* *Reduce by \$111,000.* Recommend 1564 deletion of six minor capital outlay projects.
3. *San Andreas Headquarters Auto Shop.* *Reduce by \$18,200.* Recommend funds for architectural and engineering services be reduced.
4. *Perris Headquarters—Material Supply Center.* *Reduce by \$13,900.* Recommend funds for architectural and engineering services be reduced.
5. *San Luis Obispo—Barracks.* *Reduce by \$548,200.* Recommend 1567 project funds be reduced to provide preliminary plans and working drawing funds only.
6. *Equipment Projects.* *Reduce by \$64,445.* Recommend 1567 equipment for proposed construction projects be deleted.
7. *Oak Glen Conservation Camp.* *Reduce by \$110,000.* Recommend 1568 project be deleted.

Capital Outlay Funding Source

We recommend that Budget Act language be adopted to fund the capital outlay program for the Department of Forestry from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 521:

“For capital outlay, Department of Forestry payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section.”

DEPARTMENT OF FORESTRY—Continued**Minor Capital Outlay**

We recommend Item 521(a) be reduced by \$111,000 by eliminating six projects.

The budget proposes \$857,255 for 37 minor capital outlay projects (\$100,000 or less per project) for the Department of Forestry. The projects would provide minor site and building improvements, electrical modifications and energy conservation improvements. Based on our review, we recommend approval of 30 projects totaling \$746,255. There is no adequate information for the following six projects budgeted at \$111,000.

Energy Conservation Projects. The minor capital outlay request proposes four projects for energy conservation improvements. These projects are summarized in Table 1.

Table 1
Department of Forestry
Energy Conservation Projects
1980-81 Minor Capital Outlay

<i>Location</i>	<i>Project</i>	<i>Budget Request</i>
1. Various (unidentified)	Energy conservation retrofits	\$15,000
2. Various (unidentified)	Solar water heating	25,000
3. Davis	Solar retrofit for greenhouse	27,000
4. Six sites (unidentified)	Hydroelectric generation feasibility study	30,000
Total		\$97,000

Projects for energy conservation improvements and solar energy retrofits should be evaluated for energy saved and economic feasibility. There is no information available on the anticipated energy savings attributable to these projects. Furthermore, we have not received any information on the proposed feasibility studies on potential hydroelectric generation sites. Consequently, there are no bases upon which to evaluate these projects, and we recommend the proposed funds be deleted.

Davis Facility Improvements. The budget includes two minor capital outlay projects at the Davis nursery facility. One project for \$3,000 would relocate an existing septic tank from the site of a proposed new greenhouse. This project is not needed because the greenhouse is not included in the proposed budget. The other project (\$11,000) would provide a bathroom and bedroom addition to an existing employee residence. According to the Department of General Services (DGS), the monthly rent for this house is \$89. The DGS also indicates that the residence has a current rental market value of at least \$300 per month. This residence and another larger residence at this facility are currently vacant.

Our analysis does not indicate a need to upgrade this housing, given that two residences currently are not used, and adequate private housing for employees is available in the area. We, therefore, recommend deletion of the proposed project.

Land Acquisition, Opportunity Purchases

We recommend approval.

The budget proposes \$35,000 in Item 521(c) for land acquisition to the Department of Forestry. These funds would be utilized to purchase property included in the department's capital outlay program. Appropriation of these funds would allow the department to proceed with these acquisitions as property becomes available. The proposed land acquisitions must be approved by the State Public Works Board. We recommend approval of the requested funds.

Land Acquisition—Fernwood Helitack Base

We recommend approval.

The budget proposes \$35,000 in Item 521(c) for land acquisition to relocate the Fernwood Helitack Base in Humboldt County. The existing base has several deficiencies:

- Existing buildings constructed in 1949 are in need of extensive repairs.
- The base is several miles from the main highway, and power must be generated on-site.
- The existing landing pattern is difficult because of adjacent privately-owned timbered land.
- The area is in a fog belt which has resulted in closure of the facility on many occasions during the fire season.

The department proposes to purchase a site for a new helitack facility that is not remote from existing highways, and is out of the prevailing fog belt. Construction funds of approximately \$100,000 for improvements would be requested in future years. The proposed project would improve the department's fire fighting capability, and we recommend approval.

Land Acquisition—Region II Headquarters

We recommend approval.

The budget contains \$230,000 in Item 521(d) for land acquisition for a new Region II Headquarters in Redding. The department proposes to acquire a 20-acre parcel near the Redding Airport to accommodate the headquarters building. This location would be near the U.S. Forest Service and would improve coordination of state and federal forestry agencies. The existing building is inadequate in size (3,750 square feet) for the Region II office. After relocation of the Region II office, however, the existing building would provide adequate space for the Shasta Ranger Unit Headquarters. The existing ranger headquarters is located on property leased from the City of Redding. The city does not intend to renew the lease, and the ranger unit will have to seek alternative space when the lease expires in June of 1985. Thus, after the regional office is relocated, the ranger unit could move to the vacated space and cancel the existing lease.

This proposal would provide the facilities needed in the Redding area at the least possible cost. We, therefore, recommend approval of the proposed land acquisition. We also recommend that the department make every effort to locate the proposed new facility immediately adjacent to the U.S. Forest Service facilities to insure that the desired coordination of effort is attained. The department should determine if the federal govern-

DEPARTMENT OF FORESTRY—Continued

ment has land available at this site, and purchase the land from the federal government or negotiate a long-term lease.

Projects for Pre-engineered Buildings

We recommend Item 421(e) be reduced by \$18,200 and Item 421(j) be reduced by \$13,900 by reducing architectural and engineering services budgeted for two projects.

The budget proposes preliminary plans, working drawings, and construction for three projects for pre-engineered metal buildings. Item 421(e) proposes \$352,814 for a three-bay auto shop building at the San Andreas headquarters. The existing facility is a converted storage area, and cannot accommodate the large fire trucks which must be serviced and repaired. Item 421(j) provides \$501,300 for a new material supply center at Perris Ranger Unit headquarters (Riverside County). The existing facility, constructed with used material in 1950, is too small, and construction of an addition would not be practical. Item 421(m) contains \$768,000 for a warehouse building at the Davis Equipment facility. This facility provides testing and warehousing of new equipment for statewide distribution. The existing facility, constructed about 1930 from salvaged material, is beyond repair, and a new facility is needed.

These three projects would provide for construction of pre-engineered metal buildings which involve relatively simple architectural/engineering solutions. For two of the projects, the proposed budget for contingency expenses and for architectural and engineering services of the Office of the State Architect are too high. Table 2 shows that the cost of these services budgeted for the San Andreas project and the Perris project amount to 24.5 percent and 21.5 percent of construction costs, respectively. The proposed funds for these services should be reduced to no more than 18 percent of the contract amount. Thus, we recommend Item 421(e) be reduced by \$18,200, and Item 421(j) be reduced by \$13,900. The remaining funds will provide an adequate level of funding for contingency expenses and architectural engineering services.

Table 2
Department of Forestry
Projects for Improvement of Headquarters Facilities
Pre-engineered Metal Buildings

Budget Item	Project	Department of Forestry	Construction Contract	Contingency and A&E Services ^a	Project Total Cost
421(e)	San Andreas—Auto Shop	\$5,000	\$282,200	\$69,000 (24.5%)	\$356,200
421(j)	Perris—Material services center.....	\$15,800	\$403,100	\$86,500 (21.5%)	\$505,400
421(m)	Davis—Equipment facility (phase II)	\$15,000	\$647,000	\$109,000 (16.8%)	\$771,000

^a Architectural and Engineering Services provided by the Office of the State Architect.

Equipment Projects

We recommend deletion of equipment projects proposed in Items 521(f), 521(h), 521(k) and 521(n), a reduction of \$64,445.

The budget proposes a total of \$87,575 to provide movable equipment for six previously approved and proposed construction projects. Table 3 summarizes the requested projects. The equipment projects would provide the initial complement of new equipment for proposed construction projects.

Table 3
Department of Forestry
Equipment Projects
1980-81

Budget Item	Project	Budget Bill Amount
521(f)	San Andreas HQ—auto shop	\$13,195
521(h)	San Luis Obispo HQ—barracks facility.....	8,500
521(i)	Almaden fire stations	6,450
521(k)	Perris HQ—material supply center	20,250
521(l)	San Bernardino HQ—material supply center	16,680
521(n)	Davis equipment facility.....	22,500
Total		\$87,575

Funds proposed for the Almaden fire station (Item 521(i)) and the San Bernardino material supply center (Item 521(l)) are needed to replace equipment funds which have reverted because of delays in construction of the projects. The department has not provided any justification for the remaining equipment projects. The construction projects provide for replacement of existing facilities, and information has not been provided on the possible utilization of equipment currently used at the facilities to be replaced. Consequently, we have no basis on which to judge the need for the proposed funds, and we recommend the equipment projects be deleted, for a reduction of \$64,445.

Barracks Building—San Luis Obispo

We recommend Item 521(g), be reduced to provide preliminary planning and working drawings only, for a reduction of \$548,200.

The budget proposes \$586,200 under Item 521(g) for construction of a new barracks building at the San Luis Obispo headquarters. The existing barracks was constructed in 1940 as a kitchen-messhall, and was later converted to a barracks facilities. The existing facility has extensive dry-rot and termite damage and should be replaced.

The Office of State Architect has prepared a schematic budget package (plans, estimates and outline specifications) for this project. Typically, this budget material is sufficient to justify the department's request for construction funds because the department has developed standard plans for this type of facility. Construction fund requests thus can be based on bidding experience on the standard plan.

This project does not coincide with the department's standard plans for barrack facilities. For example, the proposed design for this project includes plexiglass skylights and architectural details which are not included

DEPARTMENT OF FORESTRY—Continued

in the department's standard plan. We have not received any information on the reasons for providing a facility that is not in conformance with existing standard plans. Although the estimated cost for this project is approximately equal to costs for a standard facility, the design deviations and the resulting extended design time will increase the cost. The OSA should develop preliminary plans and working drawings for a project based on the department's standard plan and request construction funds in the 1981-82 budget. This should not delay the project because the time needed to develop preliminary plans and working drawings for standard plan facilities has historically been approximately 12 months. The new design for this project would take somewhat longer than previously approved standard plan projects. We have calculated the amount needed to complete preliminary plans and working drawings to be \$38,000. We, therefore, recommend that Item 521(g) be reduced \$548,200 to provide funds for preliminary plans and working drawings only.

Conservation Camp—Oak Glen

We recommend deletion of Item 521(o), preliminary plans, working drawings and partial construction of a new barracks facility, a reduction of \$110,000.

The budget proposes \$110,000 for preliminary plans, working drawings and partial construction of a new barracks facility at Oak Glen Conservation Camp in San Bernardino and Riverside Counties. Located approximately 10 miles from Beaumont, the camp is operated by the California Youth Authority and the Department of Forestry. The camp program provides an alternative rehabilitation setting for 80 Youth Authority wards. Wards who meet placement criteria participate in conservation work projects and fire fighting activities. The proposed project would provide new barracks to replace the existing inadequate facility. The Office of the State Architect has completed a Master Plan development program for this camp, and the report indicates that the existing barracks are "functionally and economically spent." Rehabilitation of the building is not practical and continuation of the program requires construction of the new barracks.

The Office of the State Architect has prepared a schematic design package for the proposal from funds (\$20,000) allocated by the Department of Finance. The cost estimate based on the schematic plan indicates a total project cost of \$1,528,400 for the 80-bed barracks facility. The proposed 12,000 square foot building, excluding site improvement and design, would cost \$1,128,000 or \$94 per square foot. This cost is substantially higher than typical barracks projects. While some programmatic requirements for a Youth Authority setting would increase the cost of this project, several aspects of the project have not been justified. For example, the project includes:

- Double pane windows
- Solar space heating
- Double glazed skylights
- Air conditioning of office areas
- Closed circuit television monitoring

In addition, the overall amount of proposed space (12,000 gross square feet) is larger than the typical 80-bed barracks provided at other camp facilities. For example, the Pine Grove Youth Camp dormitory includes 9,000 gross square feet.

Thus, our analysis indicates that the proposed project should be redesigned to reduce costs, and we recommend that working drawings and partial construction of the project as currently proposed not be approved.

DEPARTMENT OF FISH AND GAME

Item 522 from the Fish and Game Preservation Fund

Budget p. R 88

Requested 1980-81	\$2,307,320
Recommended approval	2,234,320
Recommended reduction	73,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
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1. *Headquarters Building, Region I. Reduce by \$73,000.* Recommend working drawing funds be reduced to fund reduced project scope. 1570
2. *Nursery Ponds and Well—American River.* Recommend project scope be modified to eliminate emergency generator and related fuel storage. 1571

ANALYSIS AND RECOMMENDATIONS

Project Planning

We recommend approval.

Item 522(a) provides \$30,000 for project planning. These funds would be allocated to the Office of State Architect to develop schematic budget plans for 1981-82 capital outlay proposals. These plans provide information needed to evaluate proposed projects. Funds for this purpose have traditionally been budgeted each year for allocation to projects approved by the Department of Finance. The proposed amount would provide for approximately \$2 million in construction. A program of this magnitude appears reasonable.

Minor Capital Outlay

We recommend approval.

The budget includes \$411,500 under Item 522(b) for six minor capital outlay projects (\$100,000 or less per project) for the Department of Fish and Game. Table 1 summarizes the request.

These projects, for the most part, provide needed replacement of inadequate systems and improvements at the department's field facilities. The project to replace a residence at Hot Creek Hatchery would complete replacement of seven inadequate residences constructed in 1947. The existing state-owned hangar is located on property leased from the Sacra-

DEPARTMENT OF FISH AND GAME —Continued

Table 1
Department of Fish and Game
1980-81 Minor Capital Outlay

<i>Project/Location</i>	<i>Budget Amount</i>
1. Replace domestic water system, San Joaquin Hatchery	\$50,000
2. Replace domestic water system, Mt. Whitney Hatchery	95,000
3. Fence settling pond, San Joaquin Hatchery	50,000
4. Replace flume and ponds, Imperial Hatchery	90,000
5. Replace residence, Hot Creek Hatchery	67,500
6. Relocate airplane hangar, Sacramento	59,000
Total	<u>\$411,500</u>

mento airport. The hangar must be relocated because the property lease terminates in February 1981. The airport administration will not extend the lease at the present site but will allow lease of an alternate site. The proposed projects and associated costs are reasonable, and we recommend approval.

Replace Hatchery Ponds, Phase II—Darrah Springs*We recommend approval.*

Item 522(c) contains \$1,707,300 for construction of new concrete ponds at Darrah Springs Fish Hatchery. The existing earthen ponds have eroded, and installation of modern concrete ponds will increase production for the department's trout planting program by approximately 20 percent or 100,000 catchable trout per year. The proposed project consists of six new 600-foot concrete raceways, paving, and related utilities. This is the second phase of construction at this facility. The Budget Act of 1979 provided \$1,296,700 for construction of phase I and \$111,100 for preliminary plans and working drawings for phase II.

Preliminary plans for this project have been completed, and working drawings are scheduled for completion in June 1980. We have reviewed the project scope and associated costs and believe they are reasonable.

Headquarters Building—Redding

We recommend Item 522(d), working drawings for a new region I headquarters building be reduced by \$73,000.

The budget proposes \$100,000 to prepare working drawings for a new region I headquarters building. The proposed project includes a 13,300 gross square foot office building, 25,000 square feet of landscaped/paved area, and related utility connections. The total estimated project cost is \$1,424,400.

The existing 2,400 square feet office building and two residences converted to office use are inadequate to meet the department's space needs. The Budget Act of 1979 appropriated \$25,000 for preliminary planning of additional office space at the region I headquarters. In addition, the supplemental report of the 1979 Budget Act directed the department to report on alternative solutions to its facilities' needs in Redding, including consolidation with other state agencies in the area. The required report was submitted in November 1979. The proposed project would implement

the department's preferred alternative contained in its report to the Legislature. This alternative includes:

- Abandoning the existing office building and two houses converted to office space at the existing Redding site.
- Sale of approximately 2.5 acres of the existing nine-acre site valued at \$650,000.
- Construction of the new headquarters building on the remaining property.

The report also indicates that programmatic requirements of other state agencies in the Redding area preclude consolidation of other state offices in the proposed building. An alternative proposal for an addition to the existing office building was ruled out by the department because the existing building is located on the property that would be sold.

Proposed Building Too Large. The department's budget submittal to OSA proposed a 10,335 square foot office and storage building. This amount of space represents an average allocation of 295 square feet for each of the 35 employees. This is excessive and substantially exceeds space allocation guidelines contained in the State Administrative Manual (SAM). Moreover, the schematic plans prepared by the Office of State Architect propose a building of 13,300 square feet—3,000 square feet more than requested by the department. This results in an average allocation of 380 square feet per employee. Thus, the schematic design would provide a facility substantially in excess of the needs outlined by the department, which we believe are excessive.

Utilizing the SAM space standards, a 7,750 square foot facility would meet the office and special use space needs of the headquarters operation. This is based on 3,250 square feet of office space, 3,800 square feet for special use and storage, and 700 square feet for utility and restroom areas. *We recommend the proposed project be modified to provide a facility of 7,750 gross square feet.* Associated support areas such as paved parking and landscaping should also be reduced accordingly.

Budgeted Funds Too High. The \$100,000 proposed under Item 522(d) provides funds in excess of the amount needed to complete working drawings. The Office of State Architect indicated that \$78,450 is required to complete preliminary planning and working drawings for the OSA proposed project. However, only \$53,450 would be needed to complete working drawings because \$25,000 has already been appropriated for preliminary plans.

The funds required for working drawings would be reduced further if the project is modified to provide only the space requirement in accordance with SAM standards (7,750 gross square feet). On this basis the working drawing requirement for the modified project is \$27,000. *We, therefore, recommend that Item 522(d) be reduced by \$73,000 to provide working drawing funds for a project conforming to state space standards.*

Nursery Ponds and Well—American River Hatchery

We recommend approval of requested funds. We further recommend that the project scope be modified.

The budget proposes \$38,520 under Item 522(e) for working drawing

DEPARTMENT OF FISH AND GAME —Continued

funds for new nursery ponds at the American River Hatchery estimated to cost \$726,800. These ponds are needed to provide a proper environment for young trout which are too small to withstand the raceway action of the main ponds. The project includes eight ponds, related pumps, and a new well to supply water. The project will allow the department to improve production by approximately 10 percent (or 130,000 trout per year). At present, small trout must be raised in ponds designed for larger fish, or at other hatcheries and transferred to this hatchery.

This project includes installation of an emergency generator and a 300-gallon underground gasoline storage tank. The generator would be used to continue water flows if the normal electrical power system is interrupted. However, the department indicates that the gravity flow of surface water would be adequate to maintain operations during a power outage. Furthermore, improvements at the adjoining Nimbus Hatchery (funded under Chapter 1104, Statutes of 1979) will provide additional surface water which could be diverted to the American River Hatchery on a temporary basis. Consequently, the emergency generation and fuel storage facilities are not needed. *We, therefore, recommend the project be modified to eliminate these items, and the project cost be reduced accordingly.* We recommend approval of the proposed working drawing amount for the project because this modification would not significantly reduce the cost of preparing the drawings. However, a savings of approximately \$10,000 will be realized through a reduction in the subsequent construction fund request.

Rearing Ponds—Moccasin Creek Hatchery

We recommend approval.

Item 522(f) contains \$20,000 to develop working drawings for the replacement of rearing ponds at Moccasin Creek Hatchery. This project will improve production by approximately 15 percent (100,000 trout per year) because existing earthen ponds have eroded, and the water flow is restricted. The project includes twelve, 100-foot replacement ponds in two, 600-foot series. Paving, ramps, flumes and related electrical improvements are included in the project estimated to cost \$434,600.

This project is needed if trout production is to be maintained at a consistent level. Continued use of the existing ponds will result in reduced production. We, therefore, recommend approval of the proposed funds.

DEPARTMENT OF FISH AND GAME

Item 523 from the California
Environmental License Plate
Fund

Budget p. R 88

Requested 1980-81	\$750,000
Recommended reduction	750,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. *Ecological Reserves. Reduce by \$750,000.* Recommend deletion of acquisition and development funds. 1573

ANALYSIS AND RECOMMENDATIONS

Ecological Reserves

We recommend deletion of Item 523, a reduction of \$750,000.

Budget Item 523 proposes \$750,000 from the California Environmental License Plate Fund for land acquisition and development of ecological reserves. The ecological reserve program seeks to preserve California's native wildlands and provide habitats for endangered animal species. Specific acquisition projects are identified by the department, and ranked on a priority basis. Revenues for this program are derived from the sale of personalized license plates.

The department proposes six acquisition projects for \$700,000 and minor development projects (identification signs and vehicle access control) for \$50,000. The department has ranked the proposed acquisition projects in the following priority order. In the event any site cannot be acquired, the department will attempt to purchase the next lower site on the priority list.

1. *Coachella Valley Ecological Reserve*—(120 acres, Riverside County). These habitats support a variety of native species, but the primary value is critical habitat for the Coachella Valley fringe-toed lizard, a species proposed for listing as "threatened" by the U.S. Fish and Wildlife Service.
2. *River Spring Lakes Ecological Reserve*—(640 acres, Mono County). The only natural spring-lake ecosystem in the Inyo-Mono Desert still in its original pristine condition. The area harbors a variety of native aquatic invertebrates.
3. *Buttonwillow Ecological Reserve*—(320 acres, Kern County). This arid, semidesert habitat was originally found throughout the San Joaquin Valley, but now it is becoming increasingly scarce due to conversion to agricultural use. Its' primary value is as a critical habitat of the blunt-nosed leopard lizard, an endangered species.
4. *Santa Cruz Long-Toed Salamander Ecological Reserve Addition*—(55 acres, Santa Cruz County). Addition will protect additional known breeding habitat and ensure that adequate migration routes to the breeding ponds are preserved.
5. *Sweet Springs Marsh Ecological Reserve*—(27 acres, San Luis Obispo

DEPARTMENT OF FISH AND GAME —Continued

County). This is a combination of a tidal salt marsh and freshwater spring. The lowland area of the marsh, when covered by sea water, provides feeding and resting habitat for many species of shorebirds and waterfowl.

6. *Mount St. Helena Ecological Reserve*—(150 acres, Sonoma/Lake Counties). Acquisition will preserve critical nesting habitat for the endangered American peregrine falcon.

Table 1 summarizes previously appropriated and proposed funds for this program.

Table 1
Department of Fish and Game
Ecological Reserve Program
Funds Statement 1977-78 to 1980-81

	1977-78	1978-79	1979-80	1980-81
Funds available, prior year appropriations..	\$64,256	\$379,218	\$599,723	\$1,235,723
Budget Act appropriations	400,000	425,000	738,000	750,000
Totals, Available.....	\$464,256	\$804,218	\$1,337,723	\$1,985,723
Less: expenditures.....	-45,239	-204,495	-102,000 ^a	
Less: reversions (expired appropriations) ..	-39,799	—	—	
Balance Available in Subsequent Fiscal Year	\$379,218	\$599,723	\$1,235,723	

^a Estimated expenditures July 1, 1979 through January 1, 1980.

Table 1 shows that while annual appropriations have increased over the years, the rate at which these funds have been expended has not increased at an equivalent rate. The unexpended funds, plus the \$738,000 appropriated in the current year, result in a total of \$1,337,723 being available for expenditure in the current year. Annual expenditures have averaged \$125,000 over the past two years, and only \$102,000 has been expended in the first six months of the current year. Consequently, almost \$2,000,000 would be available in 1980-81 if the budget request is approved.

Based on the rate at which funds are being spent, the department does not have the capability to utilize the funds requested in the budget year. We, therefore, recommend deletion of the additional \$750,000.

DEPARTMENT OF FISH AND GAME

Item 524 from the Energy and Resources Fund^a

^aThis fund has not been established by law.

Budget p. R 88

Requested 1980-81	\$2,500,000
Recommended reduction	2,500,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Bolsa Chica Coastal Wetlands. Reduce by \$2,500,000. Recommend deletion of restoration project.* 1575

ANALYSIS AND RECOMMENDATIONS

Bolsa Chica Wetlands—Orange County

We recommend Item 524 be deleted, for a reduction of \$2,500,000.

The budget proposes \$2,500,000 from an Energy and Resources Fund to construct improvements at the state-owned Bolsa Chica Wetlands in Orange County. This project would expand an existing 150-acre coastal ecological reserve to approximately 500 acres. The project includes construction of new levees and tidal gates, raising of existing roads, removal of 22 abandoned oil wells and protection of 18 operational wells. This proposal would restore a portion of the original 2,300 acres of coastal wetlands.

This appropriation is to be funded from a nonexistent fund. Consequently, before this project could proceed, legislation creating the fund would have to be approved.

Our analysis indicates that this request is premature because project planning has not been completed. Before construction funds are provided, the department should prepare the following planning documents:

- Master Plan for development
- Environmental Impact Report
- Engineering and design of proposed improvements

Furthermore, affected regulatory agencies must approve the development.

The State Lands Commission is in the process of purchasing property in the vicinity of Bolsa Chica. Any development plans for this area should be coordinated with the State Lands Commission to insure orderly development of state-owned property. The needed planning should be accomplished before construction funds are appropriated. This planning could be funded from the California Environmental License Plate Fund as an ecological reserve project (see Item 523). The project should be evaluated in priority with other proposed ecological reserve projects, and funds allocated if appropriate. *There is no basis for the requested amount, at this time, and we recommend deletion of Item 524.*

DEPARTMENT OF BOATING AND WATERWAYS

Item 525 from the Harbors and Watercraft Revolving Fund

Budget p. R 103

Requested 1980-81	\$615,100
Recommended approval	615,100

ANALYSIS AND RECOMMENDATION

(a) <i>Giannelli Bridge—acquisition</i>	\$37,000
<i>We recommend approval.</i>	

The property to be acquired consists of approximately 3.9 acres of agricultural and highway right-of-way land at the Giannelli Bridge, on the Sacramento River between Chico and Orland. The proposed acquisition would provide for boater access to the river.

Our analysis indicates that the proposed acquisition is needed to provide public access to the river at this location.

(b) <i>Project planning</i>	\$20,000
<i>We recommend approval.</i>	

This request provides the department with funds for planning new boating facilities for 1981-82 throughout the state.

(c) <i>Minor capital outlay</i>	\$558,100
<i>We recommend approval.</i>	

This request provides for minor capital outlay projects at (1) Angel Island, (2) Brannan Island, (3) Folsom Lake, (4) Gaviota Pier, (5) Knights Landing, (6) Millerton Lake, (7) Sherman Island, and (8) Turlock Lake.

The proposed projects meet criteria established for minor capital funding and appear to be reasonable in scope and cost.

STATE COASTAL CONSERVANCY

Item 526 from the California Environmental License Plate Fund

Budget p. R 114

Requested 1980-81	\$265,350
Recommended transfer to new Item 593.5	265,350

ANALYSIS AND RECOMMENDATIONS

We recommend (a) deletion of Item 526 and (b) the addition of Item 593.5 to transfer funding from the Environmental License Plate Fund to the State Coastal Conservancy (Fund).

For 1980-81, the State Coastal Conservancy is requesting \$265,350 from the Environmental License Plate Fund (ELPF) to finance grants to local governments for the construction of the following two projects:

(a) <i>San Dieguito Lagoon enhancement project, San Diego County</i>	\$94,600
<i>The San Dieguito Lagoon project would create a freshwater marsh,</i>	

preserve a least tern habitat, and construct a tidal basin. The site improvements are on publicly owned land.

(b) *Alico Greenbelt trail system, Orange County..... \$170,750*

This project would construct 4.3 miles of regional hiking, biking, and equestrian trails. It is a two-year project, costing approximately \$341,500. The conservancy intends to request ELPF funds in 1981-82 to complete the project.

Our review of the projects indicates that they are justifiable proposals. However, financing from the Environmental License Plate Fund for these two projects is not justified as long as sufficient money to undertake them exists in the conservancy's own funding source (the State Coastal Conservancy (Fund)). The 1980-81 budget shows an unappropriated surplus of \$1,673,687 in the State Coastal Conservancy at the end of the budget year. We recommend that the two projects be appropriated from this surplus rather than from the California Environmental License Plate Fund. This would require that a new Item 593.5 be added to the Budget Bill. In addition, the language of the item should state that the money is for grants rather than for capital outlay. We recommend adoption of the following Budget Bill language:

Item 593.5—For grants, State Coastal Conservancy, payable from the State Coastal Conservancy Fund.....	265,350
Schedule:	
(a) San Dieguito Lagoon, San Diego County	94,600
(b) Alico Greenbelt, Orange County	170,750

STATE COASTAL CONSERVANCY

Item 527 from the Energy and Resources Fund

Budget p. R 114

Requested 1980-81	\$500,000
Recommended reduction	500,000

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of \$500,000 because the need for the funding is not clear.

The conservancy is requesting \$500,000 from the Energy and Resources Fund for grants in support, or state acquisition, of unspecified coastal access projects, as part of its expanded coastal access program.

The control language in Section 2.2 of the Budget Bill limits the appropriation made by this item to capital outlay expenditures. Thus, any access projects would have to be acquired through the conservancy rather than through grants to local agencies.

Our analysis does not indicate a need for these funds. Pursuant to its enabling legislation, the conservancy awarded 13 coastal access grants totaling \$159,000 from the State Coastal Conservancy (Fund) to local governments for land acquisition and site improvements during the current year. In the budget year, it is also proposing to allocate approximately

STATE COASTAL CONSERVANCY—Continued

\$150,000 from the fund for public access. These grants would come from an appropriation of 1976 Coastal Bond Act proceeds which is already available to the conservancy. Until an overall program is presented, it is not clear why the \$500,000 of additional funding in this item is needed. Finally, the Energy and Resources Fund has not been established by the Legislature and is not available as a funding source.

DEPARTMENT OF PARKS AND RECREATION

Item 528 from the General
Fund

Budget p. R 138

Requested 1980-81	\$1,126,517
Recommended reduction	416,517
Net recommended approval	710,000

ANALYSIS AND RECOMMENDATIONS

(a) *Hearst San Simeon State Historic Monument—continuing restoration* \$500,000

We recommend approval.

This request is for an ongoing program of artifact restoration, and building stabilization and repairs at Hearst Castle.

We have reviewed the proposed repair and restoration projects for the budget year and find them to be warranted.

(b) *Hearst San Simeon State Historic Monument—visitor center, working drawings* \$327,800

We recommend a reduction of \$117,800 and approval of \$210,000 for working drawings of a visitor center at Hearst San Simeon State Historic Monument. We further recommend supplemental report language directing the department to hold total project costs to \$3.5 million and to consid-

Buildings

Administration and Guide Center (10,329 sq. ft.)	\$730,000
Comfort Stations (2,187 sq. ft.)	334,900
Exhibit and Rest Area (3,422 sq. ft.)	225,300
Concession Building (17,698 sq. ft.)	724,200
Preholding Area (16,021 sq. ft.)	334,000
Area Office Building (2,304 sq. ft.)	145,100
Maintenance Facility (6,020 sq. ft.)	233,000
Elevator.....	38,900
Emergency Generator.....	7,500
Total Building Costs.....	\$2,773,200
Demolition and Site Development	1,579,700
Utilities	184,400
Architectural and Engineering Services and other project costs	942,800
Total Estimated Project Cost	\$5,480,100

er concessionaire financing and construction of the concession facilities.

This request is for working drawings for the demolition of the existing visitor center complex and construction of a new visitor center, maintenance area, area office and expanded parking facilities near the highway at Hearst San Simeon State Historic Monument. The total estimated cost of this project is \$5,480,100. The new construction includes the following:

Our analysis indicates that the existing visitor center facilities at Hearst Castle are inadequate and should be replaced. However, the department's preliminary design of the visitor center, area office and maintenance area is excessive and should be reduced in scope and cost. The proposed buildings would contain 57,981 square feet, about four times the floor area of the existing complex. In addition, certain features such as the large underground storage area and elevator, the large exhibit and audio-visual building, the large concessions building serving 400 people per hour (150 per hour currently served), the separate area office complex and the large landscaped area having 950 irrigated trees and shrubs are clearly in excess of needs. In addition, attendance has leveled off because of increasing gasoline costs, and there is no evidence that future attendance will justify the large facility proposed.

Our analysis indicates that site preparation work and facilities costing no more than \$3.5 million would be adequate to provide for a reasonable expansion of visitor attendance. This would result in a savings of \$2 million in project cost. As a means of effecting further savings, consideration should be given to concessionaire financing and construction of the concessions facilities. Further expansion of the facilities can be pursued in future years if attendance increases substantially.

Accordingly, we recommend a proportional reduction of \$117,800 in the department's request for working drawings and adoption of the following supplemental report language:

"The Department of Parks and Recreation shall design the visitor center, area office and maintenance area complex at Hearst San Simeon State Historic Monument so that total cost will not exceed \$3.5 million. In order to hold total costs below that amount, the department shall also consider the alternative of contracting with the concessionaire to finance and construct the concessions facilities."

Minor Capital Outlay—Resources Building Alterations \$236,717

We recommend deletion of \$236,717 in Item 528 for building alterations.

This request is for alterations of the department's headquarters office area in Sacramento. We recommend deletion of the funds requested because the department has provided no information on what alterations are to be made and the reasons for making such changes.

Statewide—Wind Data Collection \$62,000

We recommend deletion of \$62,000 in Item 528 for wind data collection in the state park system

This request is for wind data collection in various units of the state park system during the budget year. We recommend denial of this request because the department has provided no information on why this information is needed and what will be done to collect the data.

DEPARTMENT OF PARKS AND RECREATION

Item 529 from the Bagley Conservation Fund

Budget p. R 138

Requested 1980-81	\$1,154,674
Recommended approval	\$1,154,674

ANALYSIS AND RECOMMENDATIONS

(a) *Design and Construction Planning* \$154,674
We recommend approval.

This request reflects a reimbursement to the department's general support Item 256 for preliminary planning of capital outlay design and construction projects funded from the Bagley Conservation Fund.

(b) *Candlestick Point State Recreation (day-use)—construction* \$1,000,000

We recommend approval.

The department proposes \$1 million from the Bagley Conservation Fund under Item 529 and \$1,800,000 from the State, Urban, and Coastal Park Bond Fund under Item 585 for construction of site improvements and new day-use facilities, estimated to cost a total of \$2,800,000, at Candlestick Point State Recreation Area. This is the third phase of a multi-phase project for development of a large 170-acre urban park in San Francisco. The first phase consisted of site preparation and construction of interim facilities using federal funds. The second phase consisted of working drawings and construction of utility lines and irrigation systems costing an estimated \$1,250,000. The third phase calls for grading and construction of drainage, access roads, bicycle and hiking trails, paved parking, sanitary facilities, contact station, additional landscaping, irrigation and interpretive displays.

The Legislature has assigned high priority to completion of this large urban park project which is adjacent to the heavily populated Hunter's Point area of San Francisco.

DEPARTMENT OF PARKS AND RECREATION

Item 530 from the State Parks
and Recreation Fund

Budget p. R 138

Requested 1980-81	\$4,396,863
Recommended reduction	310,950
Recommended reduction in reimbursements.....	-117,725
Recommendation pending	1,095,000
Net recommended approval	\$3,108,638

ANALYSIS AND RECOMMENDATIONS

(a) *Acquisition costs* \$150,000

We recommend approval.

The department is requesting \$150,000 to cover costs incurred by the Real Estate Services Division of the Department of General Services in preparing budget estimates for proposed acquisition projects and processing gifts to the state park system.

(b) *Opportunity purchases* \$250,000

We recommend approval.

On occasion, small properties which are contiguous to state park units become available to the state. In order to take advantage of such opportunities and to prevent incompatible development of such properties, the Legislature normally provides the department with an appropriation which permits proceeding quickly with opportunity purchases.

(c) *Inholding purchases* \$500,000

We recommend approval.

Many state park units surround small parcels of land that remain in private ownership. These parcels are generally small and are referred to as "inholdings". The department has not been required to bring acquisitions of this type to the Legislature for approval.

(d) *Preliminary planning* \$100,000

We recommend approval.

This request is a reimbursement to the department's general support Item 256 for preliminary planning of capital outlay design and construction projects which will eventually be financed for construction from the State Parks and Recreation Fund.

(e) *Minor Capital Outlay* \$2,237,288

We recommend deletion of \$77,000 for structural stabilization at Hearst Castle and \$98,500 for reconstruction of the Indian Barracks complex at La Purisima Mission State Historic Park, and approval in the reduced amount of \$2,061,788.

In accordance with a request by the Legislature contained in the Supplemental Report of the 1977 Budget Act, the Department of Finance has included minor capital outlay projects in the Capital Outlay Section of the Budget Bill. All of the proposed projects requested by the department are under the \$100,000 limit for minor capital outlay

We recommend approval for 64 of the 66 minor capital outlay projects.

DEPARTMENT OF PARKS AND RECREATION—Continued

However, we recommend deletion of: (1) \$77,000 for structural stabilization of the "C" Terrace at Hearst San Simeon State Historic Monument because sufficient funds are budgeted for this purpose under Item 528, and (2) \$98,500 for reconstruction of the Indian Barracks complex at La Purisima Mission State Historic Park because the cost of this project appears to be understated in order to qualify it as a minor capital outlay project. If the department desires to reconstruct the Indian Barracks complex, it should prepare plans and cost estimates, and request funding as a major capital outlay project.

(f) *Torrey Pines working drawings* \$46,850

We recommend approval.

This request is for \$46,850 for working drawings of a concrete lined drainage channel (1,650 feet long) at Torrey Pines State Park. The total cost of the project is estimated to be \$530,450. Although the department has not applied for a coastal permit for this project, it indicates that the South Coast Regional Coastal Commission has agreed with the project in concept.

We recommend approval. The drainage channel is needed to carry storm waters to the ocean at this location.

(g) *Antelope Valley Poppy Preserve—working drawings
and construction.....* \$435,450.

We recommend a reduction of \$135,450 and approval of \$300,000 in this item.

The department is requesting \$435,450 from the State Parks and Recreation Fund under Item 530 and \$150,000 from the Energy and Resources Fund under Item 532 for working drawings and construction of a visitor center, entrance road, and paved parking area at Antelope Valley Poppy Preserve. The total cost of the project is estimated to be \$585,450.

The department is requesting reimbursement of \$317,725 from the Land and Water Conservation Fund (Item 530(j)) and \$100,000 from the California State Parks Foundation (Item 430(k)). The net appropriation from the State Parks and Recreation Fund by Item 530(g), after reimbursements are applied, would be \$17,725.

The visitor center is to incorporate energy conserving features such as active and passive solar energy systems for heating and cooling, and wind generated electricity for interior lighting. The parking facility is to provide for 150 vehicles with an overflow parking area. Sewage disposal is to be handled by a leach field. Water is to be provided by a new well and back-up electricity is to be provided from existing service lines.

We concur with the need for day-use facilities at Antelope Valley Poppy Preserve. However, the department should be directed to reduce the scope and total cost of the project because:

(1) The costs of the proposed visitor center building, site preparation work and utilities are excessive for this park unit which experiences almost all of its visitor use during March, April and May, when the poppy fields are in bloom. The seasonal interest in the preserve necessitates operational staffing of the unit only during the short peak visitation period.

(2) The proposed visitor center building would be removed from the

existing parking area and would be built partially underground in one of the best poppy display fields. Construction of a modest, above ground structure adjacent to the parking lot would be more appropriate.

(3) The availability of \$150,000 under Item 532 is uncertain because the Energy and Resources Fund has not been authorized by the Legislature.

For these reasons, we recommend that funding for this project be reduced from \$435,450 to \$300,000, for a savings of \$285,450 (\$135,450 reduction in Item 530 and \$150,000 reduction in Item 532). This would provide reimbursement of \$300,000 under Item 530. (\$200,000 from the Federal Land and Water Conservation Fund under Item 530(j) and \$100,000 from the State Parks Foundation under Item 520(k)). We further recommend adoption of the following supplemental report language under Item 530:

"The department shall revise and simplify its design of the proposed visitor center at Antelope Valley Poppy Preserve to hold total project cost within \$300,000, and shall locate the facility adjacent to the proposed parking area."

(h) Big Basin Redwoods—acquisition \$300,000

We withhold recommendation, pending completion of an appraisal for this project.

Big Basin Redwoods State Park is located in the Santa Cruz Mountains in the northwestern corner of Santa Cruz County. The proposed acquisition project consists of a single parcel of land that is surrounded by either state-owned lands or by lands that have been previously funded for addition to the park. The parcel, which consists of 80 acres of unimproved mountain watershed land, is located at the junction of the east and west arms of Waddel Creek. Since the primary value of the acquisition is scenic landscape preservation and protection of the watershed, no developed facilities are planned for this land.

This project was formerly included in the department's funded acquisition program but had to be dropped due to a shortage of funds. In order to halt the owner's plans to commercially log the property, the Save-The-Redwoods League purchased the parcel to ensure its protection until the department could budget again for its acquisition. In acquiring the property, the department intends to apply for funds from the federal Land and Water Conservation Fund for reimbursement of state expenditures.

The proposed acquisition will eliminate the last privately-owned inholding in this area of the park. We withhold recommendation, however, because the department has not completed an appraisal of the property as required by Chapter 1080, Statutes of 1979.

(i) Woodson Bridge—acquisition \$795,000

We withhold recommendation, pending completion of an appraisal for this project.

Woodson Bridge State Recreation Area is located on the Sacramento River, 15 miles north of Chico in Tehama County. The proposed acquisition would add approximately 280 acres of agricultural land and riparian habitat to the existing state recreation area and 15,000 feet of river frontage. Since the primary objective of the acquisition is to preserve natural habitat, the department intends to limit development to construction of a fishing access, primitive boat and camping facilities and minor day-use

DEPARTMENT OF PARKS AND RECREATION—Continued

facilities on Copeland Bar and on the west bank of Kopta Slough.

The proposed acquisition would make a desirable addition to the recreation area. We withhold recommendation, however, because the department has not completed an appraisal of the property as required by Chapter 1080, Statutes of 1979.

(j) Reimbursements from Land and Water Conservation

Fund \$—317,725

We recommend a reduction of \$117,725 and approval in the amount of \$200,000.

This reimbursement from the federal Land and Water Conservation Fund would be for partial repayment of state expenditures for construction of a visitor center at Antelope Valley Poppy Preserve. In accordance with our recommendation that the total cost of the project be reduced to \$300,000, we recommend that this reimbursement be reduced proportionately to \$200,000.

(k) Reimbursements from the California State Parks Foundation

..... \$—100,000

We recommend approval.

This reimbursement from the California State Parks Foundation would be for partial funding of the proposed visitor center project at Antelope Valley Poppy Preserve.

DEPARTMENT OF PARKS AND RECREATION

Item 531 from the State Park
Contingent Fund

Budget p. R 138

Requested 1980–81	(\$2,707,500)
Recommendation pending	(2,707,500)

ANALYSIS AND RECOMMENDATIONS

(a) Jedediah Smith Redwoods State Park—acquisition \$707,500

We withhold recommendation, pending completion of an appraisal for this project.

Jedediah Smith Redwoods State Park is located 12 miles northeast of Crescent City. The proposed acquisition is bordered by the Smith River and State Highway No. 197. The parcel, which consists of approximately 329 acres of redwood forestlands, is directly across the river from the existing state park. The Save-The-Redwoods League has purchased and is now holding the lands for acquisition by the state. The league proposes to deed the parcel to the state for one-half of its acquisition cost of \$1,415,000.

The proposed acquisition appears to be a logical addition to Jedediah Smith Redwoods State Park. We withhold recommendation, however, because the department has not completed an appraisal of the property as required by Chapter 1080, Statutes of 1979. The department indicates that the required appraisal is underway and will be completed prior to budget hearings.

(b) *Humboldt Lagoons—acquisition..... \$2,000,000*

We withhold recommendation, pending completion of an appraisal and acquisition plan for this project.

Humboldt Lagoons (Big Lagoon, Stone Lagoon and Freshwater Lagoon) are located on the coast of Humboldt County about 30 miles north of Eureka. The lagoons are adjacent to Dry Lagoon State Park. The proposed acquisition is the second phase of the Humboldt Lagoons project and would add 18 parcels totaling approximately 900 acres located along the west shore of Big Lagoon. The properties consist of undeveloped redwood forestlands, marsh habitat areas, and scattered private residences. The objective of the acquisitions would be to preserve coastal landscape and redwoods, and to provide fishing access to Big Lagoon and for day-use recreational development. The Save-The-Redwoods League has pledged \$1 million to the department for this project.

The department and the Coastal Commission have assigned high priority to this project. We withhold recommendation, however, because (1) an appraisal has not been completed for the project as required by Chapter 1080, Statutes of 1979, and (2) an acquisition plan for the second phase of the project has not been completed by the Department of Parks and Recreation, Humboldt County and the North Coast Regional Coastal Commission, as required by Item 512(f), Budget Act of 1978. We understand that the Department of Parks and Recreation expects to complete both the appraisal and the plan prior to budget hearings.

(c) *Reimbursements—Save-The-Redwoods League..... \$—1,000,000*

We withhold recommendation.

This reimbursement from the Save-The-Redwoods League represents a donation of one-half of the estimated cost of the proposed acquisition project at Humboldt Lagoons. Consistent with our recommendation on the project, we withhold recommendation on the reimbursement.

(d) *Reimbursements—Federal Land and Water Conservation Fund \$—1,707,500*

We withhold recommendation.

This reimbursement from the federal Land and Water Conservation Fund would be for reimbursing state acquisition costs for the proposed Humboldt Lagoons project and the Jedediah Smith Redwoods State Park project. Consistent with our recommendations on these projects, we withhold recommendation of the reimbursement.

DEPARTMENT OF PARKS AND RECREATION

Item 532 from the Energy and
Resources Fund

Budget p. R 138

Requested 1980-81	\$650,000
Recommended reduction	650,000

ANALYSIS AND RECOMMENDATIONS

(a) *Minor Capital Outlay—solar retrofitting and energy conservation* \$500,000

We recommend deletion of \$500,000 because the request has not been justified.

The department proposes \$500,000 from the Energy and Resources Fund for a new program to equip existing state park facilities with solar water heaters. The department has provided no information on the facilities to be retrofitted or the costs. Furthermore, the proposed Energy and Resources Fund has not been authorized by the Legislature. For these reasons, we recommend that this request be denied.

(b) *Antelope Valley—working drawings and construction* \$150,000

We recommend deletion.

The department is requesting \$435,450 from the State Parks and Recreation Fund under Item 530(g) and \$150,000 from the Energy and Resources Fund under this item for working drawings and construction of a visitor center, entrance road, and paved parking area at Antelope Valley Poppy Preserve.

As discussed previously under Item 530(g), our analysis indicates the need for day-use facilities at Antelope Valley Poppy Preserve. However, the department should be directed to reduce the scope and total cost of the project for the reasons stated under Item 530(g). For this reason and because the Energy and Resources Fund does not exist, we recommend that the requested funds be deleted from this item.

CALIFORNIA EXPOSITION AND STATE FAIR

Item 533 from the General
Fund

Budget p. R 159

Requested 1980-81	\$1,201,000
Recommended reduction	1,201,000

ANALYSIS AND RECOMMENDATIONS

(a) Minor Capital Outlay..... \$525,000

We recommend deletion of \$525,000 for minor capital outlay.

This request is the same amount appropriated for minor capital outlay (\$100,000 or less per project) in the 1979 Budget Act. No information has been provided to justify the request. We therefore recommend deletion of the \$525,000.

(b) Buildings A and B, interior renovation, working drawings and construction \$330,000

We recommend deletion of \$330,000 because the plans for the project and the master plan for Cal-Expo are not available.

A Master Plan for the future of Cal-Expo will be presented to the Legislature in April by a special task force established pursuant to the Budget Act of 1978. The plan must address several issues which will have a bearing on capital improvement needs at Cal-Expo, and will involve (a) revisions of the existing programs and uses of the land and structures for a fair, an exposition, and quality interim purposes, (b) the proposed uses and existing deficiencies of the plant and facilities, and (c) the addition of new structures and facilities.

The budget proposes \$330,000 for renovating Buildings A and B in the fair activities complex. Preliminary drawings and justification for the renovation work have not been received. In addition to the \$330,000 expenditure, Cal-Expo is proposing to use a residual of Public Works Employment Act money to convert Building C to an arena for ice hockey.

Funds for the addition of eating facilities in Building C were appropriated two years ago and have not been expended because there is no plan for the facilities. We recommend that more money for unplanned purposes not be provided in the Budget Act.

(c) Energy Conservation Program \$346,000

We recommend deletion of \$346,000 because additional funding is unnecessary and premature.

The sum of \$346,000 is proposed for an energy conservation program. This program was prepared by a task force of the California Energy Commission, Department of General Services, and Office of Appropriate Technology. The proposal is to: (a) supplement the stable area domestic hot water system with solar heating, (b) increase the efficiency of existing lighting, heating and air conditioning through use of an automated computer system for programmed on/off control, and (c) other modifications.

Our analysis indicates that the proposal is not justified for the following reasons:

1. It encompasses many simple energy conservation steps which can be

CALIFORNIA EXPOSITION AND STATE FAIR—Continued

financed as routine maintenance within existing resources or as minor capital outlay.

2. The proposed microprocessor for the control of lights and ventilation is not justified because it is unnecessarily complex and expensive.

Capital Outlay Funding

In the event any of the capital outlay projects proposed in Item 533 are approved by the Legislature, we recommend that Budget Act language be adopted to authorize funding of the projects from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the *Analysis* we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that if any of the projects proposed in this item are approved by the Legislature, the Legislature adopt the following budget language for Item 533:

“For capital outlay, California Exposition and State Fair, payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code, except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section.”

SANTA MONICA MOUNTAINS CONSERVANCY

Item 534 from the Energy and
Resources Fund and Item
535 from the Santa Monica
Mountains Conservancy Fund

Budget p. R 161

Requested 1980-81	\$1,000,000
Recommended reduction	1,000,000

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of \$1 million in Items 534 and 535 until further identification of the work to be accomplished has been furnished and included in the items.

The budget proposes a \$1 million appropriation from the proposed Energy and Resources Fund for projects to be undertaken by the Santa Monica Mountains Conservancy in 1980-81. Item 534 in the Budget Bill transfers the \$1 million appropriation from the Energy and Resources Fund to the Santa Monica Mountains Conservancy Fund. Item 535 appropriates the \$1 million from the Santa Monica Mountains Conservancy Fund for expenditure by the conservancy.

It is not clear how the \$1 million will specifically be expended. Although the conservancy has prepared an overall list of possible full-fee acquisition, less-than-fee acquisition, and subdivided lot consolidations, the projects to be financed with the requested funds have not been specified. Consequently, the request fails to comply with existing law. The conservancy's enabling legislation (Section 33209 of the Public Resources Code) provides for specific project plans to be made available as a prerequisite to funding. Although specific minor projects need not be listed in the Budget Bill, some program backup detail or statement of purpose should be available to control the expenditure of the \$1 million.

We also note that in accordance with the control language in Section 2.2 of the Budget Act of 1980, funds from Items 534 and 535 can be made available only for land acquisition projects to be undertaken by the conservancy, and not for grants to local agencies for lot consolidation or other purposes.

For these reasons we recommend that the funds be deleted.

Federal Grant for State Park Reimbursement

We recommend that federal grant funds received for park acquisition be scheduled in the budget.

Pursuant to Public Law 96-126, 1979, Congress has appropriated \$35 million to the National Park Service for acquisitions in the Santa Monica Mountains National Recreation Area. A specific allocation to the Santa Monica Mountains Conservancy has not yet been made by the Park Service but is expected prior to adoption of the 1980 Budget Act. The federal grant should be scheduled in the Budget Bill prior to its enactment.

The federal funds will be received by the Santa Monica Mountains Conservancy and deposited in a separate federal grant account, according to Sections 33202 and 33215 of Chapter 1087, Statutes of 1979. These funds will be used to reimburse the Department of Parks and Recreation for acquisitions specified by the Legislature in Chapter 1085, Statutes of 1979, and in other state statutes.

DEPARTMENT OF WATER RESOURCES

Item 536 from the General Fund

Budget p. R 194

Requested 1980-81	\$1,045,000
Recommended approval	1,045,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes \$1,045,000 from the General Fund for the acquisition of land easements and rights-of-way by the State Reclamation Board. This land will be acquired in support of the following flood control projects in the Sacramento and San Joaquin River system undertaken by the U.S. Corps of Engineers:

a. Sacramento River and tributaries flood control project	\$30,000
b. San Joaquin River and tributaries flood control project	15,000
c. Sacramento River bank protection	<u>1,000,000</u>
Total	\$1,045,000

Our analysis indicates the proposed amount is justified and we recommend approval.

DEPARTMENT OF WATER RESOURCES

Item 537 from the General Fund

Budget p. R 194

Requested 1980-81	\$198,530
Recommended approval	198,530

ANALYSIS AND RECOMMENDATIONS

This item proposes (1) continuation of the program to convert the snow data collection system to satellite communication and (2) improvements at the Sutter Bypass.

Snow Data Telemetry

We recommend approval.

The budget proposes \$58,350 for six satellite-tracked snow data collection platforms. This is the third phase of a five-year program of state participation in the conversion of 30 data collection sites from land-based microwave communications to Geostationary Environmental Satellites (GOES) communications. Other cooperating agencies (utility districts, flood control districts, and other water related entities) will participate in an additional 92 telemetry sites to be included in the statewide system. Prior budget appropriations for the first two phases of the project total \$154,700. When the system is completed, the information available to the department will improve control of streamflows and reservoir storage.

Sutter Bypass—Bridge

We recommend approval.

The budget proposes \$140,000 under Item 537(b) for planning and constructing a bridge in the Sutter Bypass. The bypass allows diversion of potential flood waters out of the Sacramento River and into a parallel leveed channel. During the dry season portions of the land in the channel are farmed. Under the terms of the original 1924 deed, the department is required to provide adequate bridges over the levees to allow movement of farm implements and livestock. The proposed project would replace one existing bridge, which was constructed in 1950 and is no longer adequate. The department proposes to replace the bridge in order to provide the required farming access and avert potential property damage or personal injuries that might result from continued use of the existing structure.

DEPARTMENT OF WATER RESOURCES

Item 538 from the Energy and
Resources Fund

Budget p. R 167

Requested 1980-81	\$3,322,500
Recommended reduction.....	3,322,500

ANALYSIS AND RECOMMENDATIONS

We recommend that Item 538 be deleted to eliminate \$3,322,500 in capital outlay costs for a proposed reverse osmosis desalination plant.

As discussed under Item 270, the Governor's Budget is proposing a total of \$4.1 million from the Energy and Resources Fund for costs associated with the siting, construction and development of a 1 million gallon-per-day reverse osmosis desalination plant. A smaller 25,000 gallon-per-day pilot project was completed in September 1979.

Item 538 requests \$3,322,500 for working drawings and construction of the 1 million gallon project. An additional \$777,500 is included in Item 270 for related support costs.

The reverse osmosis technology appears to have promise as a partial solution to the reclamation of agricultural wastewater. However, we cannot recommend support of this appropriation for the reasons stated in our *Analysis* of Item 270.

DEPARTMENT OF HEALTH SERVICES

Item 539 from the General Fund

Budget p. HW 66

Requested 1980-81	\$745,729
Recommended approval	745,729

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. Capital Outlay Fund Source. Recommend that budget language be adopted to fund capital outlay from state tidelands oil revenues rather than the General Fund.

1592

ANALYSIS AND RECOMMENDATIONS

Capital Outlay Funding Source

We recommend that budget language be adopted to fund capital outlay for the Department of Health Services from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis we have recommended that legislation be enacted allowing these revertues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 540:

“For capital outlay, Department of Health Services payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section.”

Autoclave Replacement

We recommend approval.

The budget proposes \$240,850 under Item 539(a), for the second phase of a project to replace obsolete autoclaves (laboratory equipment sterilizer) at the Department of Health's laboratory facilities in Berkeley. The existing autoclaves were installed in 1954 and have become unserviceable because replacement parts are not available. The Budget Act of 1979 provided funds for replacement of seven units, and the proposed budget would replace three additional units of varying sizes. The proposed projects are needed to insure continued use of equipment needed to support laboratory operations, and we recommend approval.

Remodel Food and Drug Laboratory—Berkeley Facility

We recommend approval.

The budget contains \$205,485 under Item 539(b) to remodel a portion of the Food and Drug Laboratory at the Berkeley facility. The proposed modifications would eliminate four small rooms and provide benches,

sinks, shelves, cabinets, and other improvements necessary to house existing laboratory equipment. At present the laboratory equipment is spread throughout the small rooms and the laboratory technicians cannot operate the equipment efficiently. The proposed alterations would improve work efficiency and safety, and we recommend approval.

Minor Capital Outlay

We recommend approval.

Item 539(c) includes \$298,394 from the General Fund for minor capital outlay projects (\$100,000 or less per project) for the Department of Health Services. The proposals would correct health and safety deficiencies, provide improvements to existing heating and ventilation systems, renovate existing program areas, and provide accessibility for the handicapped. We recommend approval of the proposed projects. We also recommend that the support savings generated by one project be reflected in subsequent years' budgets. This project, for \$38,280, would replace the low-pressure steam boiler at the Berkeley facility. The new boiler will have more steam generating capacity and will eliminate the use of high-pressure boilers during off-peak hours. The use of a low-pressure boiler will eliminate the need for operations staff overtime (\$9,500) because, unlike high-pressure boilers, these boilers do not need an operator in attendance. There will also be a \$11,500 annual savings in natural gas use by using the new boiler rather than the high-pressure boiler. We recommend that when the proposed project is completed the \$21,000 savings in overtime and energy costs be reduced from the department's support budget.

DEPARTMENT OF HEALTH SERVICES

Item 540 from the Energy and
Resources Fund ^a

Budget p. HW 66

^a Nonexistent fund which has not been authorized by legislation.

Requested 1980-81	\$233,899
Recommended reduction	233,899

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Gas Engine/Air Conditioning Cogeneration Facility—Fairfield. Reduce by \$114,000.* Recommend proposed project be deleted.
2. *Minor Capital Outlay. Reduce by \$119,899.* Recommend five proposed minor capital outlay projects be deleted.

ANALYSIS AND RECOMMENDATIONS

Gas Engine/Air Conditioning Cogeneration Facility—Fairfield

We recommend Item 540(a) be deleted, for a reduction of \$114,000.

The budget proposes \$114,000 from the proposed Energy and Resources Fund for installation of a cogeneration system at the Department of Health Services Fairfield Animal Facility. The Energy and Resources

DEPARTMENT OF HEALTH SERVICES—Continued

Fund is currently not authorized and legislation would have to be passed creating the fund before the projects could proceed. The proposed project includes installation of a natural gas fired/electrical generation plant, with air conditioning units utilizing waste heat from the generation plant. The electrical generation plant would provide electricity for the animal facility. Presumably, when the electrical generation capacity of the proposed system is in excess of the facility demand, the excess electricity generated would be sold to the public utility system in the area. Taking this into consideration, the proposed system is estimated to save \$9,583 in annual energy costs.

The proposed cogeneration project does not take into account energy savings that could be achieved through less expensive modifications of existing facilities. The present facility is largely uninsulated and has several small room-type air conditioners distributed throughout the facility. Some portion of the savings attributable to the cogeneration project could be achieved through installation of building insulation and possible centralization of the air conditioning needed for the lab facilities. The department should identify and request funds for low cost energy savings projects before funds for a cogeneration system are requested. Therefore, we recommend deletion of Item 540(a), a reduction of \$114,000.

Minor Capital Outlay—Statewide

We recommend deletion of Item 540(b), a reduction of \$119,899.

The budget proposes five minor capital outlay projects for the Department of Health Services to be funded from the Energy and Resources Fund. Table 1 shows the projects and the requested amounts.

Table 1
Department of Health Services
Minor Capital Outlay Projects, Item 540
1980-81

<i>Project/Location</i>	<i>Amount</i>
1. Insulate walk-in refrigerators/incubators, Berkeley.....	\$12,600
2. Renovate steam heating system, Berkeley.....	58,790
3. Insulate laboratory sterilizers, Berkeley	12,046
4. Solar window shields, Berkeley	7,872
5. Renovate heating and ventilation system, Fresno	28,591
Total.....	\$119,899

The proposed projects would provide general energy related improvements at the Berkeley lab facility and the Fresno lab facility. The department has not indicated the projected energy savings to be generated by implementing these projects. All energy conservation projects should be justified on the basis of the reduction in energy costs which will be achieved. The needed information has not been developed for these projects and we, therefore, recommend deletion of the five projects, for a reduction of \$119,899.

DEPARTMENT OF DEVELOPMENTAL SERVICES

Item 541 from the General Fund

Budget p. HW 88

Requested 1980-81	\$58,697,632 *
Recommended approval	437,600
Recommended reduction	9,159,515
Recommendation pending	49,100,517

* Includes \$78,250 payable from Item 543, from the Energy Resources Fund

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS	<i>Analysis page</i>
1. Capital Outlay Funding Sources. Recommend adoption of Budget Act language that would fund capital outlay program from state tidelands oil revenues.	1596
2. Fire and Life Safety and Environmental Improvements—Statewide. Withhold recommendation pending submission of population report to the Legislature.	1596
3. Commissary Warehouse—Agnews. Withhold recommendation pending completion of cost estimate for modified project.	1599
4. <i>Modifications to Laundry—Fairview. Reduced by \$1,550,800.</i> Recommend construction funds be deleted.	1600
5. <i>Electrical Distribution Improvements, Napa and Porterville. Reduce by \$280,000.</i> Recommend working drawing funds be deleted.	1600
6. <i>Conservation and Comfort Conditioning—Napa. Reduce by \$4,263,290.</i> Recommend planning and construction funds be deleted.	1601
7. <i>Air Condition "N" Building—Patton. Reduce by \$763,125.</i> Recommend construction funds be deleted.	1601
8. <i>Security Fencing—Patton. Reduce by \$171,700.</i> Recommend project be deleted.	1601
9. <i>Electrical Distribution Improvements—Sonoma. Reduce by \$1,928,500.</i> Recommend funding only preliminary plans and working drawings.	1602
10. Airconditioning—Sonoma. Withhold recommendation pending submission of population report.	1603
11. <i>Water System Improvements—Stockton. Reduce by \$162,050.</i> Recommend \$214,350 be deleted from major capital outlay program Item 541(h). Revised project totaling \$52,300 to be included under minor capital outlay (Item 541(i)).	1603
12. <i>Minor Capital Outlay. Reduce by the net amount of \$40,050.</i> Recommend deletion of three projects totaling \$118,300 plus deletion of \$78,250 reimbursement under Item 541(j).	1604

DEPARTMENT OF DEVELOPMENTAL SERVICES —Continued

13. Minor Capital Outlay. Withhold recommendation on elevator projects pending receipt of additional information. 1604

ANALYSIS AND RECOMMENDATIONS**Funding Source for Capital Outlay Projects**

We recommend that Budget Act language be adopted to fund the capital outlay program for the Department of Developmental Services from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis, we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 541:

For capital outlay, Department of Developmental Services, payable from revenues received by the State Lands Commission and allocated under provisions of Section 6217 of the Public Resources Code, except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and other allocations made pursuant to subdivisions (a) through (d), inclusive, of that section

Fire and Life Safety and Environmental Improvement Projects

We withhold recommendation on Item 541(a) pending receipt of the department's report to the Legislature on projected hospital populations and alternative treatment programs.

The federal government has mandated that state hospitals meet federal fire, life safety and environmental standards by July 18, 1982, or become ineligible for federal financial support. To comply with this mandate, the Department of Developmental Services has developed a detailed Plan of Correction. The plan sets forth the methods and schedule for modifying patient-occupied buildings. When fully implemented the plan will result in sufficient space for the projected 1982 population of 8,070 developmentally disabled (DD) clients.

The Budget Act of 1979 appropriated \$103,136,922 for architectural plans and construction required under the plan in the 1979-80 fiscal year. Prior Budget Act appropriations and special legislation (Chapter 64, Statutes of 1979) provided approximately \$11 million for statewide planning and for construction of temporary space. The Budget Bill proposes \$45,391,022 to fund planning and construction of DD occupied buildings scheduled for 1980-81.

The total cost for upgrading state hospitals for the developmentally disabled is estimated to be \$166.1 million, excluding potential augmentations for construction cost increases due to inflation. Table 1 shows the funding and estimated cost of renovations for each hospital based on the Plan of Correction submitted to and approved by the federal government.

(An additional \$11,660,551 for altering buildings for mentally disabled programs at these hospitals is proposed under Item 542. Our discussion of those projects is included with the Department of Mental Health capital outlay, Item 544.)

Table 1
Department of Developmental Services
Fire and Life Safety and Environmental Improvements
Plan of Correction for 8,070 Clients

Hospital (Projected Population)	Renovated Capacity	Estimated 1976-79	Funded 1979-80	Proposed 1980-81	Total	Cost per Unit of Capacity
<i>Agnews (1,050)</i>						
R & T building (FLS only)	240	\$774,097	—	—	\$774,097	\$3,225
Phase 1	523	966,635	\$11,905,400	—	12,872,035	24,612
Phase 2	312	108,529	593,300	\$8,283,671	8,985,500	28,800
Subtotals	1,075	\$1,849,261	\$12,498,700	\$8,283,671	\$22,631,632	\$21,053
<i>Camarillo (489)</i>						
Phase 1	248	\$137,160	\$3,786,500	—	\$3,923,660	\$15,821
Phase 2 (DD only)	265	—	251,500	\$2,891,500	3,143,000	11,860
Subtotals	513	\$137,160	\$4,038,000	\$2,891,500	\$7,066,660	\$13,775
<i>Fairview (1065)</i>						
Phase 1	328	\$134,774	\$5,097,800	—	\$5,232,574	\$15,953
Phase 2	296	83,600	4,535,900	—	4,619,500	15,686
Phase 3	500	18,804	455,900	\$6,123,096	6,597,800	13,196
Subtotals	1,124	\$237,178	\$10,089,600	\$6,123,096	\$16,449,874	\$14,635
<i>Lanterman (1,171)</i>						
Phase 1	300	\$260,168	\$3,332,900	—	\$3,593,068	\$11,977
Phase 2	684	147,000	9,479,700	—	9,626,700	14,074
Phase 3	196	—	338,600	\$3,891,200	4,229,800	21,580
Subtotals	1,180	\$407,168	\$13,151,200	\$3,891,200	\$17,449,568	\$14,778
<i>Napa (342)</i>						
Phase 1	173	\$267,787	\$3,280,900	—	\$3,548,687	\$20,513
Phase 2 (DD only)	158	79,551	178,092	\$3,436,958	3,694,601	23,383
Phase 3 (DD only)	34	17,450	472,350	—	489,800	14,406
Subtotals	365	\$364,788	\$3,931,342	\$3,436,958	\$7,733,088	\$21,186
<i>Patton (214)</i>						
Phase 1	224	\$140,800	\$3,812,000	—	\$3,952,800	\$17,646
Phase 2 (MD)	—	—	—	—	—	—
Subtotals	224	\$140,800	\$3,812,000	—	\$3,952,800	\$17,646
<i>Porterville (1,550)</i>						
R & T (FLS only)	146	\$687,900	—	—	\$687,900	\$4,711
Phase 1	326	522,220	\$6,376,900	—	6,899,120	21,163
Phase 2	744	526,400	14,249,300	—	14,775,700	19,860
Phase 3	328	135,313	340,500	\$6,731,487	7,207,300	21,973
Subtotals	1,544	\$1,871,833	\$20,966,700	\$6,731,487	\$29,570,020	\$19,152
<i>Sonoma (1,550)</i>						
Phase 1	461	\$536,000	\$7,057,600	—	\$7,593,600	\$16,472
Phase 2	456	260,700	9,116,400	—	9,377,100	26,564
Phase 3	490	226,896	572,100	—	—	—
Phase 4	154	—	281,100	\$14,033,110	15,246,506	23,674
Phase 5 (acute)	-0-	—	133,300	—	—	—
Subtotals	1,561	\$1,023,596	\$17,160,500	\$14,033,110	\$32,217,206	\$20,639
Future Requirements	—	—	—	—	(\$6,500,000)	—
Subtotals	1,561	\$1,023,596	\$17,160,500	\$14,033,110	\$38,717,206	\$24,802

DEPARTMENT OF DEVELOPMENTAL SERVICES —Continued**Stockton (639)**

Phase 1	272	\$270,000	\$4,994,300	—	\$5,264,300	\$19,354
Phase 2 (DD only)	377	84,300	5,465,480	—	5,549,780	21,014 ^a
Phase 2A (RTC)	—	75,600	4,874,600	—	4,950,200	—
Subtotals	649	\$429,900	\$15,334,380	—	\$15,764,280	\$24,290
Statewide Totals	8,235	\$6,461,684	\$100,982,422	\$45,391,022	\$152,835,128	\$18,559
Statewide Planning Costs	—	—	\$2,154,500	—	\$2,154,500	—
Deficiency appropriation, swing space and planning	—	\$4,638,699	—	—	\$4,638,699	—
Future Requirements (Sonoma)	—	—	—	—	\$6,500,000	—
Totals	8,235	\$11,100,383	\$103,136,922	\$45,391,022	\$166,128,327	\$20,173

^a Based on average cost for MD and DD capacity.

The state hospitals should be modified to provide appropriate living environments. Hospital modifications, however, should be limited to only those facilities that will be needed for the projected population.

In both the Budget Act of 1979 and Chapter 64, Statutes of 1979, the Legislature directed the department to submit a report addressing alternatives to state hospital treatment, and the anticipated cost and population impact of implementing these alternatives. The purpose of the report is to identify what the 1982 population would be under varying conditions so that the facilities alteration program provides the appropriate 1982 renovated capacity.

A preliminary report was submitted to the Legislature in the fall of 1979 which recommended that the 1982 population be revised to 7,620 clients, based on the department's planned utilization of state hospital treatment programs. The final report is to be submitted to the Legislature no later than February 1, 1980. Pending receipt of the final report, we withhold our recommendation on the proposed funds for the fire and life safety and environmental improvements program.

Our review of the preliminary report and the proposed budget raises two concerns regarding the overall program.

Table 2
Department of Developmental Services
Fire and Life Safety and Environmental Improvement Programs
Construction Contracts

Hospital (bid date)	Funds Appropriated	Project Cost Based on Bids	PWB ^c
Napa (12/4/79)	\$3,548,687	\$3,860,400	\$311,713 -0-
Agnews (12/14/79)	12,872,035	10,971,210	-0- \$1,900,825
Stockton (12/11/79)	5,264,300	4,328,800	-0- 935,500
Fairview (1/23/80)	5,232,574	4,437,600	-0- 794,974
Porterville (1/22/80)	6,899,120	5,491,725	-0- 1,407,395
Lanterman (1/23/80)	3,593,068	3,823,068 ^a	230,000 ^b -0-
Sonoma (1/8/80)	7,593,600	8,998,062	1,404,462 -0-
Totals	\$45,003,384	\$41,910,865	\$1,946,175 \$5,038,694

^a Award of Contract pending; cost based on state's filed estimate prior to bid advertising.

^b Recognized deficit.

^c Public Works Board (PWB).

Progress of Scheduled Corrections. As of January 1, 1980, the renova-

tion program has progressed according to the schedule established in the Plan of Correction with one exception. Table 2 shows the construction contract cost or the estimated construction cost for projects that have been awarded advertised for bid thus far. Advertisement for the first phase of construction at Camarillo State Hospital is scheduled for February 1, 1980.

The one project that has not proceeded according to schedule is renovation of Patton State Hospital. All planning activity has been suspended, and the Governor's Budget (page HW 68) states that the department is studying the feasibility of transferring the developmentally disabled clients at Patton to community facilities or other state hospital programs. We have not received any information on the outcome of this study.

Any proposal to change the projected population of other state hospitals to accommodate transfers from Patton may have a detrimental impact on the scheduled completion of alterations. The department should analyze the anticipated construction schedule impact if the Patton program is discontinued. Further, the department should provide the net support budget costs and savings if such a plan is implemented.

Federal Acceptance of Plan of Correction Revisions. The preliminary report to the Legislature proposes a revision in the projected 1982 population from 8,070 to 7,620 clients. The final report is to address the impact of this revision on the Plan of Correction, by hospital and by building. Based on the funds proposed in the budget, the proposed population reduction will result in eliminating several buildings at Sonoma State Hospital that are currently scheduled for renovation in 1981. Before any of the existing schedules for renovations are changed, the department should advise the appropriate federal agencies, and secure their official acceptance of a revision to the Plan of Correction. This will assure that the overall 1982 renovated capacity can be reduced without loss of federal funds.

New Commissary Warehouse—Agnews State Hospital

We withhold recommendation on Item 541(b) pending additional information.

The budget includes \$701,050 for construction of a new commissary warehouse at Agnews State Hospital. The project includes a 16,800 square foot warehouse with a 3,000 square foot cool (50° F-60° F) room. An Environmental Health Survey of the existing 16,000 square foot uninsulated metal warehouse indicates that the facility is not rodent-proof, contains inadequate refrigerated space, and subjects stored foods to excessive summer temperatures.

The Budget Act of 1979 appropriated \$37,500 for preparation of preliminary plans and working drawings for a new warehouse at Agnews. The project as approved by the Legislature, included a 24,000 square foot building with space for freezer storage, refrigerated storage and cool room storage. The estimated cost of this facility was \$1,057,400. The construction funds requested in the budget would provide a much smaller facility and would not provide any freezer or refrigeration capacity.

We have not received any information on the reasons for the changes in this project, or the programmatic impact of the changes. More impor-

DEPARTMENT OF DEVELOPMENTAL SERVICES —Continued

tantly, there appears to be a less-costly alternative to construction of a new warehouse. The Office of State Architect (OSA) has estimated the cost of altering the existing facility to correct health deficiencies and increase cool room capacity. Our analysis of the needed work indicates that the alternative would cost approximately \$375,000—significantly less than either the original \$1,057,400 estimate for a new facility or the budget estimate of \$701,050. Preliminary plans have not been completed on any version of this project. Consequently, *we recommend that OSA utilize the previously appropriated funds to develop construction documents for alteration of the existing facility. However, we withhold recommendation of the construction funds pending completion of the preliminary plans based on the modified proposal.*

Alterations and Modifications to Laundry—Fairview State Hospital

We recommend deletion of Item 541(c), a reduction of \$1,550,800.

The budget proposes \$1,550,800 in construction funds to modify the laundry facility at Fairview State Hospital. The project includes replacement of existing equipment with modern, labor and energy saving equipment resulting in an anticipated annual energy savings of \$145,000. In addition, modifications to the existing facility will correct licensing deficiencies. The project would also eliminate the need for laundry equipment on individual wards which currently are operated by nursing staff. The Budget Act of 1979 provided \$49,490 for preliminary planning and working drawings for this project. In addition, \$400,000 from funds appropriated in the 1978 Budget Act for equipment were allocated for equipment replacement at this facility.

While the hospital has substantiated the need for this project, the project planning has not proceeded satisfactorily. Preliminary planning funds were allocated by the Public Works Board in July 1979. At that time, OSA indicated that preliminary plans were scheduled to be completed in October. However, as of January 1980, we have not received the preliminary plans and OSA's current project schedule indicates that a consulting architect has not yet been appointed to design this project.

This delay in design could have been avoided if OSA had advertised for needed consultants when the project was initially budgeted. Because of this delay, sufficient information is not available to substantiate the requested construction funds or to indicate that construction would begin in the budget year. *Consequently, we have no basis on which to evaluate the adequacy of the proposed funds, and we recommend the proposed construction funds be deleted.*

**Electrical Distribution Improvements and Additional Energy Cogeneration,
Napa State Hospital****Electrical Distribution Improvements, Porterville State Hospital**

We recommend deletion of Item 541(d)(1), for a reduction of \$180,000 and deletion of Item 541(f), for a reduction of \$100,000.

The budget includes \$180,000 for working drawings for a project to improve the primary electrical distribution system and to provide addi-

tional energy cogeneration at Napa State Hospital. The budget also contains \$100,000 for working drawings for electrical distribution improvements at Porterville State Hospital. The projects were not included in the department's most recent five-year capital outlay program. Because we have not received any information pertaining to these projects, we have no basis for evaluating the request. *Therefore, we recommend deletion of the requested funds.*

Conservation and Comfort Conditioning—Napa State Hospital

We recommend deletion of Item 541(d) (2), Item 541(d) (3), and Item 541(d) (4), a reduction of \$4,263,290.

The budget proposes three projects to provide conservation and comfort conditioning of patient-occupied space at Napa State Hospital. Table 3 shows the proposed funds and future costs for affected buildings:

Table 3
Napa State Hospital
Conservation and Comfort Conditioning Projects

Budget Item	Buildings	Budget Amount	Future Cost
541(d) (2)	195,196,197,198.....	\$3,422,700 pwc	—
541(d) (3)	254,255,256,257.....	657,500 pwc	—
541(d) (4)	R & T	183,090 pw	Unknown c
	Total	\$4,263,290	Unknown

p—preliminary plans; w—working drawings; c—construction.

Although, some planning funds have been allocated for air-conditioning studies at Napa, we have not received any information regarding these projects.

The 1979-80 budget proposed \$387,800 for schematic design of air conditioning at Napa State Hospital. The construction estimate for the air conditioning totaled \$28,561,500. A preliminary report by a consulting architect indicated that there would be no need for air conditioning at Napa if certain conservation measures, estimated to cost \$730,000, were implemented. The proposed airconditioning funds were not approved by the Legislature. Subsequently, the Department of Finance allocated \$50,000 of Federal Public Works Employment Act Title II funds to the Office of Appropriate Technology to fund a detailed energy audit of the hospital and an evaluation of measures which would improve the comfort level for residents. We have not received any information on the results of this study, and it would be premature to fund planning and/or construction of improvements at this hospital until the study has been completed and thoroughly evaluated. Consequently, *we recommend funds for the proposed comfort improvements at Napa be deleted.*

Projects at Patton State Hospital

We recommend deletion of Item 541(e) (1), airconditioning building "N", a reduction of \$763,125. Further, we recommend deletion of Item 541(e) (2), security fencing, for a reduction of \$171,700.

The budget proposes funds for two capital outlay projects at Patton State Hospital. One project would provide air conditioning in the "N"

DEPARTMENT OF DEVELOPMENTAL SERVICES --Continued

building at a cost of \$763,125. This building currently houses approximately 375 judicially committed mentally disabled patients. The Budget Act of 1979 appropriated \$80,000 for preliminary planning and working drawings for this project. The other Patton project would extend and relocate security fences at a total cost of \$171,700. The project would provide additional outdoor recreation area for the judicially committed patients.

These projects may be affected if the developmentally disabled (DD) portion of the hospital is closed. The existing buildings housing the DD programs are air conditioned and possibly could be used for programs housed in the "N" building. Until the administration's plans for the DD program are finalized, it would be premature to fund substantial improvements at Patton.

All planning for Fire and Life Safety and Environmental Improvements (FLSEI) has been suspended at this hospital. Even if the DD program remains at Patton, any proposed airconditioning modification should be coordinated with the FLSEI project for the "N" building. According to the most recent project schedules, the FLSEI improvements at Patton will not be constructed in the 1980-81 fiscal year. Therefore, even if there is no change in population, the construction fund request for air conditioning is premature.

Electrical Distribution Improvements—Sonoma State Hospital

We recommend Item 541(g)(1) be reduced by \$1,928,500 to provide working drawing funds only.

The budget includes \$2,018,500 for construction of electrical improvements at Sonoma State Hospital. The Budget Act of 1979 provided \$46,000 for preliminary plans and working drawings for a portion of this proposed budget. The 1979 funds were based on a total estimated project cost of \$629,000. However, the 1980-81 budget plans prepared by the Office of State Architect (OSA) indicate a revised total project cost of \$2,064,500. The modified project would increase the capacity of the existing electrical distribution system so that the planned air conditioning of this hospital will be operable. The OSA failed to identify the need for electrical improvements at the time airconditioning funds were appropriated.

This project has not proceeded because of delays by OSA in appointing a consulting engineer. In addition, because the project was not adequately defined at the time planning funds were requested, the appropriated funds are not sufficient to accomplish the needed planning. The OSA has not scheduled any work relating to this project. Consequently, adequate cost information has not been developed, and we have no indication that OSA will be able to develop the required preliminary plans in the current year.

Based on the most recent budget estimate, approximately \$136,000 is required for preparation of preliminary planning and working drawings for this project. Because \$46,000 has already been appropriated for a portion of this project, preliminary planning could begin in the current year. The Department of Finance should allocate these funds immediately. *We recommend that \$90,000 be approved to provide the additional planning*

funds required, and that the balance of construction funds be deleted, for a reduction of \$1,928,500.

Air Conditioning—Sonoma State Hospital

We withhold recommendation on Item 541(g) (2), pending receipt of the department's final population report to the Legislature.

The budget includes \$2,930,095 to provide air conditioning in 11 buildings at Sonoma State Hospital. These funds would complete a six-phase project at this hospital. Although approximately \$8.6 million has been appropriated for this project, approximately \$1.7 million of that amount has been transferred to other projects, or reverted to the General Fund. The total estimated cost for all phases of air conditioning is \$9.8 million.

Funding for this final phase of air conditioning was included in the earlier appropriation. However, construction of the phase six air conditioning was delayed so that the air conditioning could be integrated with the pending Fire and Life Safety and Environmental Improvement (FLSEI) projects. As a result, the estimated construction cost for air conditioning has increased significantly, and the available funds are not sufficient to complete the project.

The amount of additional funds required for air conditioning will be reduced if the population projection for 1982 are reduced, because only those buildings that are planned for use in 1982 need to be funded for air conditioning. *For this reason, we withhold recommendation on the requested additional funds of \$2,930,095 pending receipt of the final 1982 population report to the Legislature.* This report is due February 1, 1980.

Water Backflow Protection and Purification System—Stockton State Hospital

We recommend deletion of Item 541(h), a reduction of \$214,350, and Item 541(i) be augmented by \$52,300, for a net savings of \$162,050.

This item provides \$214,350 for planning, working drawings and construction of improvements to the water distribution system at Stockton State Hospital. The project would (1) provide chlorination systems at the four wells which supply the hospital, and (2) modify the existing system to isolate sprinkler irrigation systems from domestic water supply mains.

The chlorination system for this hospital is proposed because the public health service has recommended that all municipal water supplies be treated. The justification for this project does not indicate any deficiency in the quality of the existing well water and there have been no health citations issued regarding the quality of the water at this facility. Thus, it would seem unnecessary to fund a chlorination system for the hospital since the existing system apparently provides an acceptable water quality. Therefore, we recommend deletion of the proposed project.

The proposed modifications to isolate sprinkler systems are based on California Administration Code regulations. These modifications would prevent contamination of the potable water supply if there is a loss of water pressure. These modifications are appropriate and should be funded. However, the estimated cost of these modifications—\$52,300—is less than \$100,000, and should be included under the minor capital outlay program (Item 541(i)). Therefore, we recommend Item 541(h) be delet-

DEPARTMENT OF DEVELOPMENTAL SERVICES —Continued

ed, for a reduction of \$214,350, and Item 541(i) be augmented by \$52,300. The result is a net reduction of \$162,050.

Minor Capital Outlay—Systemwide

We recommend deletion of three minor capital outlay projects for a reduction of \$118,300. Further, we withhold recommendation on three projects to modify elevators, pending receipt of additional information.

The budget includes \$491,950 for 13 minor capital outlay projects (\$100,000 or less per project) at various state hospitals. These projects, for the most part, provide needed improvements to meet health and safety codes and general upgrading of facilities. We recommend: approval of eight projects (\$295,300); and deletion of three projects (\$118,300). We withhold recommendation on three projects (\$78,350).

Projects Recommended for Deletion. Two projects are proposed to be funded under Item 543 from an Energy and Resources Fund. This fund has not been authorized by the Legislature. One project for \$47,900 would expand the capability of the existing minicomputer which monitors and controls energy consumption at Fairview State Hospital. The expanded system would provide maintenance personnel with information on the operating condition of equipment. The other project, costing \$30,350, would install solar water heating systems for two buildings at Sonoma. We recommend deletion of the projects.

The proposed minicomputer upgrade is not needed because existing maintenance personnel can adequately monitor the operation of mechanical equipment. The proposed solar heating system at Sonoma would only supplement existing production of hot water now supplied by the steam plant. Because the steam plant must operate to provide space heating for the wards, the marginal cost of heating hot water would be very low. For these reasons, and because we have not received any information on the potential energy savings attributable to the solar heating project, we recommend these projects be deleted for a reduction of \$78,250.

The third project we recommend for deletion is a \$40,050 proposal to demolish two buildings at Patton State Hospital. The buildings are apparently beyond repair and all utilities have been disconnected. Demolition of the facilities would enhance the appearance of the hospital entrance.

Our analysis suggests that the benefits of this project are not substantial enough to justify the costs. Moreover, even if the Legislature decided to go forward with the project, a less-costly alternative appears to be available. The California Conservation Corps, which has demolished an abandoned structure at Agnews State Hospital could demolish the Patton buildings. This would possibly reduce the costs of demolition to a supportable amount.

For these reasons, we recommend deletion of the proposed project, a reduction of \$40,050.

Elevator Modifications. Projects at Agnews (\$22,100), Napa (\$13,600) and Stockton (\$42,650) State Hospitals would provide elevators modifications required to meet new safety codes. These codes apply to earthquake safety of the elevators. The proposed modifications may not be warranted, however. The code provides an exemption from the requirements where

the existing elevators are determined to have equal or better seismic resistance than the building in general. Certification by a qualified engineer is required to qualify for an exemption. The hospitals should consult with the Office of State Architect to determine the need to modify these elevators. *Pending OSA's report, we withhold recommendation on the proposed projects.*

DEPARTMENT OF DEVELOPMENTAL SERVICES

Item 542 from the General Fund

Budget p. HW 88

Requested 1980-81	\$11,660,551
Recommendation pending	11,660,551

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation pending receipt of additional information.

This item proposes capital outlay funds for mentally disabled programs at hospitals operated by the Department of Developmental Services. We withhold recommendation on these projects pending receipt of additional information from the department. For legislative review purposes, we have included our detailed analysis of these projects under Item 544, capital outlay for the Department of Mental Health.

DEPARTMENT OF DEVELOPMENTAL SERVICES

Item 543 from the Energy and Resources Fund^a

Budget p. HW 88

a. Nonexistent fund—contingent on passage of legislation.

Requested 1980-81	\$78,250
Recommended reduction	78,250

ANALYSIS AND RECOMMENDATIONS

We recommend deletion.

This item proposes funds for minor capital outlay projects for the Department of Developmental Services. We recommend that funding for the projects be deleted because adequate justification for the projects is lacking. The funds proposed under this item are shown as reimbursements under Item 541(j). We have included our detailed analysis of these projects under Item 541.

DEPARTMENT OF MENTAL HEALTH

Item 544 from the General Fund

Budget p. HW 110

Requested 1980-81	\$33,633,819 ^a
Recommended approval	140,300
Recommended reduction	16,795,513
Recommendation pending	16,698,006

^a includes \$11,660,551 proposed under Item 542

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- | | <i>Analysis
page</i> |
|---|--------------------------|
| 1. Capital Outlay Funding Source. Recommend budget language that would fund capital outlay projects from tidelands oil revenues. | 1606 |
| 2. Fire and Life Safety and Environmental Improvements. Withhold recommendation pending additional population information. | 1607 |
| 3. <i>Air Conditioning—Atascadero and Metropolitan.</i> Reduce by \$11,748,313. Recommend construction funds be deleted. | 1608 |
| 4. <i>Energy Efficiency Improvements and Cogeneration System—Atascadero.</i> Reduce by \$2,618,900. Recommend project be deleted. | 1609 |
| 5. <i>Cogeneration and Boiler Facility—Metropolitan.</i> Reduce by \$2,428,300. Recommend project be deleted. | 1609 |
| 6. Minor Capital Outlay. Withhold recommendation on elevator modification pending additional information. | 1609 |

Capital Outlay Funding Source

We recommend Budget Act language be adopted that would fund the capital outlay program for the Department of Mental Health from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis, we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 544:

For capital outlay, Department of Mental Health payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (The Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section.

Fire and Life Safety and Environmental Improvements

We withhold recommendation on Items 542 and Item 544(b) (1) pending receipt of the department's population reports to the Legislature.

Item 544(b) (1) proposes \$5,023,255 for Fire and Life Safety and Environmental Improvements (FLSEI) at Metropolitan State Hospital. In addition, Item 542 includes \$11,585,152 for FLSEI in buildings housing mental health programs at hospitals operated by the Department of Developmental Services. Table 1 shows previously approved funds and proposed funds for FLSEI projects at Mental Health facilities.

Table 1
Department of Mental Health
Fire and Life Safety and Environmental Improvements
Based on Projected Population of 3,636 Clients

<i>Hospital/projected population</i>	<i>Reno- vated Capacity</i>	<i>Estimated Expend- itures 1976- 1979</i>		<i>Funded Items 1979-80 471.1 & 472)</i>	<i>Proposed 1980-1981</i>	<i>Costs</i>		
		<i>Future</i>	<i>Total</i>			<i>Per Unit of Capacity</i>		
Metropolitan (878)								
Phase 1		\$442,086	\$1,643,300	—	—	\$2,085,386		
Phase 2		—	259,300	\$5,023,255	—	5,282,455		
Phase 3		—	438,900	—	\$4,822,600	5,261,500		
Subtotals.....	928	\$442,086	2,341,400	\$5,023,255	\$4,822,600	\$12,629,341	\$13,609	
Camarillo (150)								
Phase 1 (DD).....		—	—	—	—	—		
Phase 2 RTC.....		—	—	—	—	—		
Phase 3 MD only		—	\$141,100	\$1,895,236	—	\$2,036,336		
Subtotals.....	160	—	\$141,100	\$1,895,236	—	\$2,036,336	\$12,727	
Napa (720)								
Phase 1 DD.....		—	—	—	—	—		
Phase 2 MD only		—	\$345,708	\$6,873,915	—	\$7,219,623		
Phase 3 MD only		—	1,417,050	—	—	1,417,050		
Phase 4 RTC.....		—	251,500	2,891,400	—	3,142,900		
Subtotals.....	783	—	\$2,014,258	\$9,765,315	—	\$11,779,573	\$15,044	
Patton (860)								
Phase 1 20 (DD).....		—	—	—	—	—		
Phase 2 30 & N		—	—	—	\$8,700,000	\$8,700,000		
Phase 3 Bldg. U		—	\$92,300	—	1,350,000	1,442,300		
Phase 4 RTC.....		—	\$98,500	—	—	\$98,500		
Subtotals.....	920	—	\$190,800	—	\$10,050,000	\$10,240,800	\$13,305	
Stockton (55)								
Phase 1 DD.....		—	—	—	—	—		
Phase 2 MD only		—	\$3,624,440	—	—	\$3,624,440		
Subtotals.....	58	—	\$3,624,440	—	—	\$3,624,440	\$21,041 ^a	
Hospitals Subtotals (2,663)	2,849	\$442,086	\$8,311,998	\$16,683,806	\$14,872,600	\$40,310,490	\$14,211	
Atascadero (973)								
All phases (FLS only) completed	982	—	—	—	—	—		
Statewide Planning	—	—	\$315,500	—	—	\$315,500		
Statewide Totals (3,636)	3,831	\$442,086	8,627,498	\$16,683,806	\$14,872,600	\$40,625,990	\$14,211	

^a Based on combined MD/DD capacity.

The FLSEI program will modify existing buildings to meet licensing and certification requirements. Sufficient space will be remodeled to accommodate the projected 1982 population of 3,636 mentally disabled (MD) clients.

DEPARTMENT OF MENTAL HEALTH—Continued

Chapter 64, Statutes of 1979, requires the Department of Mental Health to report to the Legislature on population and alternative treatment programs to state hospitals. A preliminary report was due on September 1, 1979 and the final report is to be submitted by February 1, 1980. In addition, the Supplemental Report of the 1979 Budget Act directed the department to request recertification of MD programs at the state hospitals, and report its progress to the Legislature by September 1, 1979. As of January 1980, the department has not provided either one of the required reports. Consequently, we do not have the information necessary to evaluate the need for renovating the proposed amount of space or the related funds.

Moreover, all planning on the FLSEI project at Patton State Hospital has been suspended because the Department of Developmental Services is studying the feasibility of discontinuing all programs for the developmentally disabled (DD) at this hospital. The Department of Mental Health should evaluate the feasibility of utilizing space presently occupied by the DD programs if these programs are discontinued. Utilizing this space for MD programs might reduce the cost of planned alterations at this hospital.

Given the lack of adequate information on (1) projected patient population and alternative treatment programs, (2) the department's progress in securing recertification of MD programs, and (3) the future of Patton State Hospital, we have no basis for recommending approval of these requests. Accordingly, we withhold recommendation on Item 544(b) (1) and Item 542 pending submission of the required reports.

Air Conditioning—Atascadero and Metropolitan

We recommend deletion of Item 544(a) (1), and Item 544(b) (2), a reduction of \$11,748,313.

The budget proposes \$8,291,900 in Item 544(a) (1), and \$3,456,413 in Item 544(b) (2), to air-condition patient occupied areas at Atascadero State Hospital and the "CTE" building at Metropolitan State Hospital, respectively. The Budget Act of 1979 provided \$530,800 for preliminary plans and working drawings for the Atascadero project, and \$214,187 for preliminary plans and working drawings to air-condition patient occupied areas of Metropolitan. Budget language required that these funds not be allocated by the Public Works Board until the department and the Office of Appropriate Technology had provided a report to the Legislature. This report is to include an evaluation and cost analysis of energy conservation alternatives to installing air conditioning at these hospitals.

The required reports have not been submitted. Consequently, it would be premature to appropriate construction funds at this time. Preliminary planning funds have not been allocated by the Public Works Board, and there is no basis for the amount requested for construction. *Accordingly, without prejudice to the merits of the projects we recommend deletion of the requests for a reduction of \$11,748,313*

Energy Efficiency Improvements and Cogeneration System—Atascadero

We recommend deletion of Item 544(a) (2), \$1,423,400 for building energy efficiency improvements, and deletion of Item 544(a) (3), \$1,195,500 for installation of a cogeneration system at Atascadero State Hospital.

The budget proposes preliminary plans, working drawings and construction for two energy conservation-related projects at Atascadero State Hospital. One project, costing \$1,423,400, proposes improvements for energy efficiency. The other project proposes installation of a cogeneration system for \$1,195,500. A cogeneration system is a system where waste energy from one process, such as exhaust heat, is captured and directed to meet other energy needs.

The economic advantages of all energy conservation projects should be evaluated before they are funded, in order to ensure that limited funds available for energy conservation projects are used most effectively. We have not received any information pertaining to either the technical feasibility on the economic advantages of these projects. Consequently there is no basis upon which to evaluate the need for or adequacy of the requested funds. We, therefore, recommend deletion of the proposed projects—a reduction of \$2,618,900.

Cogeneration and Boiler Facility—Metropolitan

We recommend deletion of Item 544(b) (3), a reduction of \$2,428,300.

The budget contains \$2,248,300 to install cogeneration and boiler facilities at Metropolitan State Hospital. The proposed project would provide a new boiler plant facility with three new boilers. We have no information on the planned cogeneration.

The 1979 Budget Bill originally proposed planning and working drawings for a new boiler plant at Metropolitan. The Legislature disapproved that request and instead provided funds (\$15,000) to study methods of modifying or replacing equipment within the existing boiler plant. As of January 1980, we have not received the results of this study.

Given the Legislature's action on the 1979 proposal and the absence of adequate information to justify the project, we recommend that the proposed new boiler plant not be approved and the \$2,485,800 be deleted from the Budget Bill.

Minor Capital Outlay

We withhold recommendation on one minor capital outlay project (\$14,200) to upgrade elevators at Atascadero State Hospital.

The budget includes \$154,500 in Item 544(c) for minor capital outlay projects at Atascadero and Metropolitan State Hospitals. Table 2 shows the projects and requested funds.

The project at Metropolitan would replace asphalt patio areas where tree roots have cracked the surface. The existing condition poses a safety hazard to staff and clients. Two projects in the administration building at Atascadero would provide modifications to accommodate the client trust office. The present work space is crowded and the proposed project will alleviate this situation by providing additional space in the basement. Also proposed at Atascadero is installation of a shower facility at the waste treatment plant, as recommended by a health survey. These projects and the associated costs appear reasonable and we recommend approval.

DEPARTMENT OF MENTAL HEALTH—Continued

Table 2
Department of Mental Health
Minor Capital Outlay
1980-81

<i>Project/Location</i>	<i>Cost</i>
1. Replace asphalt patios, Metropolitan.....	\$40,000
2. Second stairwell, administration building basement, Atascadero	53,100
3. Remodel administration basement, Atascadero	40,300
4. Health improvements, waste water plant, Atascadero	6,900
5. Modify elevators to meet earthquake code, Atascadero	14,200
Total	\$154,500

Finally, the budget proposes \$14,200 to upgrade the elevators at Atascadero to meet new earthquake safety requirements. These codes have been revised since the hospital prepared the proposal. The codes now allow exemptions from certain requirements where the seismic resistance of the elevators is equal to or exceeds that of the building. A qualified engineer must certify this fact before an exemption may be granted. The office of the State Architect (OSA) should evaluate this project to determine if the elevator modifications are needed. Pending the outcome of OSA's evaluation, we withhold recommendation on this project.

EMPLOYMENT DEVELOPMENT DEPARTMENT

Item 545 from the General Fund

Budget p. HW 132

Requested 1980-81	\$59,000
Recommended reduction	59,000

ANALYSIS AND RECOMMENDATIONS**Passive Solar Heating and Cooling System—Monterey**

We recommend deletion of Item 545, a reduction of \$59,000.

The budget proposes \$59,000 from the General Fund for capital outlay expenditures of the Employment Development Department (EDD). The proposed funds represent the additional construction cost associated with installation of a passive solar heating and cooling system proposed for the new Monterey EDD field office. The energy analysis for the project indicates that the proposed system will reduce assumed heating and cooling costs by 40 percent and assumed lighting costs by 50 percent.

The request for funding of this project is premature. Preliminary plans and working drawings for the Monterey field office have not been started, and 50 percent of the selected site is under condemnation proceeding for state purchase. Consequently, construction funds will most likely not be needed in the 1980-81 fiscal year. Based on the current status of the project, we recommend deletion of the requested funds, a reduction of \$59,000.

Moreover, the energy analysis prepared for this project is based on inadequate information. The claimed energy savings does not take into account less expensive alternative conservation measures such as dead-band heating and cooling where the ambient temperature is allowed to fluctuate between 65 degrees and 78 degrees (with no heating or cooling production). Furthermore, we question the need for (1) air conditioning at this facility given the mild climate of the Monterey area, and (2) a solar hot water system given the typically low demand for hot water at other field offices. Thus, we recommend the Office of State Architect reevaluate the conservation measures.

EMPLOYMENT DEVELOPMENT DEPARTMENT

**Item 546 from the Employment
Development Contingent
Fund**

Budget p. HW 132

Requested 1980-81	\$7,855,331
Recommended approval	3,597,000
Recommended reduction	4,258,331

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Office Building—Monterey. Reduce by \$1,659,870.* Recommend working drawings and construction funds be deleted. 1612
2. *Office Building Alteration—Chico. Reduce by \$379,700.* Recommend construction funds be deleted. 1614
3. *Office Building Addition and Parking Addition—Oroville. Reduce by \$1,037,161.* Recommend construction funds for building addition and parking improvements be deleted. 1615
4. *Office Building Addition and Parking Development—El Centro. Reduce by \$321,000.* Recommend working drawings for building addition and construction funds for parking lot be deleted. 1615
5. *Office Building and Parking Facility—Placerville. Reduce by \$32,900.* Recommend working drawing funds be deleted. 1615
6. *Office Building Addition and Parking Addition—San Jose. Reduce by \$227,300.* Recommend working drawings for building addition and construction funds for parking addition be deleted. 1615
7. *Office Building Addition and Parking Addition—Torrance. Reduce by \$94,100.* Recommend working drawings for building addition and construction funds for parking addition be deleted. 1615

EMPLOYMENT DEVELOPMENT DEPARTMENT—Continued

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| 8. <i>Office Building and Parking Facility—Watsonville.</i> Reduce by \$37,700. Recommend working drawing funds be deleted. | 1615 |
| 9. <i>Building Alterations—Long Beach.</i> Reduce by \$50,800. Recommend proposed funds for contingencies and architectural/engineering services be reduced. | 1616 |
| 10. <i>Building Alterations—Eureka.</i> Reduce by \$40,900. Recommend proposed funds for carpeting, contingencies and architectural/engineering services be reduced. | 1616 |
| 11. <i>Building Alterations—Vallejo.</i> Reduce by \$11,900. Recommend proposed funds for contingencies and architectural/engineering services be reduced. | 1616 |
| 12. <i>Parking Lot Acquisition and Improvements—Modesto.</i> Reduce by \$30,000. Recommend proposed additional funds for previously funded project phase be deleted. | 1617 |
| 13. <i>Parking Lot Acquisition—Hollywood.</i> Reduce by \$335,000. Recommend proposed additional funds for previously funded project phase be deleted. | 1617 |

ANALYSIS AND RECOMMENDATIONS**Office Building—Monterey**

We recommend Item 546(a) and 546(b) be deleted, a reduction of \$1,659,870.

Item 546(a) proposes \$1,653,670 for construction of an EDD field office in Monterey. Item 546(b) proposes \$6,200 for a portion of the working drawings for this project. The project which is intended to meet the projected workload for 1995, includes construction of a 16,300 square foot building and parking facilities to accommodate 120 vehicles. The total estimated project cost including \$59,000 proposed under Item 545 for passive solar heating and cooling is \$1,744,400.

The proposed field office for the Monterey area is needed to adequately serve the department's clients in this area. However, our analysis of the proposal indicates it is premature, for the following reasons.

Status of Land Acquisition. A total of \$399,031 has been appropriated for acquisition of a proposed site for the Monterey facility. The Budget Act of 1977 provided \$200,000 for acquisition. These funds were subsequently augmented through appropriations in the Budget Acts of 1978 (\$98,031) and 1979 (\$101,000). As of January 1980, settlements have been reached on only four of the nine parcels authorized for acquisition by the Public Works Board. The remaining five parcels have been authorized for acquisition through condemnation proceedings. Consequently, it is uncertain (1) when the entire site will be under state ownership or (2) that the remaining funds will be adequate to acquire the balance of the needed parcels.

Status of Planning. Preliminary planning funds for this project were provided in the Budget Act of 1977 (\$9,930) and 1979 (\$19,000). Because of the status of property acquisition, preliminary plans for the proposed project have not been started and the Office of State Architect has not

indicated any work schedule for the project. Consequently, not only is there inadequate information to substantiate the requested amount but it does not appear that construction funds will be needed in the budget year.

Project Scope. This project was approved for funding of land acquisition and planning based on a need for a 14,250 gross square foot facility. The most recent budget estimate prepared by the Office of State Architect indicates a gross building area of 16,300 square feet. Although the proposal has increased in size by 2,050 square feet, the projected workload for 1995 has not changed. Consequently, there is no apparent basis for increasing the size of the proposed facility.

Given the status of the land acquisition, preliminary plans and the apparent excessive building area proposed, the requested construction funds should not be approved. We, therefore, recommend deletion of Item 546(a) and 546(b), a reduction of \$1,659,870.

Sacramento—Mid-Town Field Office

We recommend approval.

The budget proposes \$2,330,000 to exercise the purchase option on a leased facility occupied by the EDD Sacramento mid-town field office. The building contains approximately 42,405 square feet of office space and includes 401 parking spaces on the eight acre site. The facility—rented for \$315,000 per year—should be adequate to meet projected workload in this area.

Our analysis of the proposed purchase indicates that it would be in the best economic interest of the state to purchase this facility. Assuming the facility has a useful life of 25 years the state would save over \$1 million by purchasing the facility. On this basis, we recommend approval of the proposed purchase of the Sacramento facility.

Site Acquisitions—Colusa, Corcoran, Mendota and Wasco

We recommend approval.

The budget includes four projects to purchase land which is presently leased by the department. The department has installed modular buildings and parking on the leased property. The offices are necessary in order to provide services for migrant and seasonal farm workers in the rural communities. Purchase of the site would insure continued use of the

Table 1
Employment Development Department
Purchase of Leased Property
1980-81

Budget Item	Location	Purchase Price	Current Annual Rent
546(g)	Colusa	\$45,000 ^a	\$4,620
546(h)	Corcoran	35,000 ^b	1,800
546(i)	Mendota	40,000 ^b	2,700
546(j).....	Wasco	45,000 ^b	4,500
Totals.....		\$165,000	\$13,620

^a Based on firm lease agreement.

^b Estimate.

EMPLOYMENT DEVELOPMENT DEPARTMENT—Continued

modular buildings at the present sites, and avoid potential relocation of the facilities if leases cannot be renegotiated. The estimated purchase price and the current rental costs for the four proposed projects are shown in Table 1.

The purchase of the proposed property will reduce lease costs to the department and insure continued use at the present sites. On this basis, we recommend approval of the proposed acquisition projects.

Chico Building Alterations

We recommend Item 546(m) be deleted, a reduction of \$379,700.

The budget proposes \$4,800 for preparation of preliminary plans (Item 546(k)), \$8,400 for preparation of working drawings (Item 546(l)), and \$379,700 (Item 546(m)) for construction of building alterations at the existing EDD field office in Chico. The Chico facility—constructed in 1951—would be modified to (a) provide restroom facilities accessible to the handicapped, (b) improve the heating/air conditioning/ventilation system and (c) improve office areas. A small addition to the building would provide additional space for the Employment Tax Division and allow cancellation of two leases resulting in a monthly savings of \$1,516.

The proposed alterations will upgrade the building to provide adequate facilities for the projected 1992 workload requirements. In addition, the project will reduce leased costs for office space in Chico. However, there is not adequate information available to justify the requested construction amounts. The Office of State Architect should develop preliminary plans and working drawings from funds proposed under Item 546(k) and Item 546(l). Based on the historic time frame for preparation of the plans for similar projects (as shown in Table 2) construction funds will not be needed in the 1980-81 fiscal year. The completed plans would provide adequate information for appropriation of construction funds in the 1981-82 budget. Consequently, the construction fund request is premature, and we recommend deletion of Item 546(m), for a reduction of \$379,700.

We recommend approval of the needed preliminary plans and working drawings proposed for the Chico facility. However, the schematic budget plans indicate that this project is to include a supplemental solar hot water system, and carpeting. The department has not provided any information on the anticipated energy savings attributable to the solar system. Similar proposals for field office facilities indicate that domestic hot water use is extremely low at these facilities, and supplemental solar heating is not cost effective. The proposed carpeting is also not justified for field office facilities due to its lack of durability and high replacement cost. We, therefore, recommend that planning funds be approved, but the solar heating system and carpeting be deleted from this project. This should reduce the future construction costs by \$13,000.

Building Alterations—Redding Field Office

We recommend approval.

The budget proposes \$7,200 for preparation of preliminary plans for alteration of the existing EDD field office in Redding. The proposed

projects would provide modifications for handicapped restroom facilities, air conditioning modifications and energy conservation features. The existing facilities should be adequate to meet projected 1992 workload for the service area. The future cost to complete the project is \$310,800.

The proposed projects would provide needed improvements at the existing 11,100 square foot facility in Redding. The existing building is approaching 30 years of age and renovation of mechanical and ventilation systems is needed. On this basis, we recommend approval of the proposed preliminary planning funds.

Funds Proposed for Previously Approved Projects

We recommend deletion of \$1,750,161 for funds proposed for previously approved projects which have not proceeded.

The budget contains funds for various phases of six projects which were previously approved for funding in the Budget Act of 1979. Table 2 shows the funds previously approved, funds proposed in the 1980-81 budget and the estimated future costs for projects at Oroville, El Centro, Placerville, San Jose, Torrance and Watsonville. The proposals would provide building additions at existing EDD offices or new field offices to meet projected workload in these communities.

Table 2
Employment Development Department
Funds to Complete Previously Approved Projects
1980-81

Budget Bill Item 546	Budget Act of 1979	Proposed 1980-81	Estimated Future Costs
(c) Oroville—building addition	\$41,300 ^{PW}	\$904,561 ^C	—
(d) Oroville—parking addition.....	—	132,600 ^{PWC}	—
(e) Oroville—acquisition	—	80,000 ^a	—
(o) El Centro—building addition	14,250 ^P	34,200 ^w	\$915,800
(p) El Centro—parking addition	450,000 ^A	286,800 ^{PWC}	—
(q) Placerville—new field office and parking facility	317,000 ^{AP}	32,900 ^w	880,000 ^C
(r) San Jose—building addition	33,000 ^P	52,200 ^w	1,834,000 ^C
(s) San Jose—parking addition.....	220,000 ^A	175,100 ^{PWC}	—
(t) Torrance—building addition	21,000 ^P	45,700 ^w	1,434,900 ^C
(u) Torrance—parking addition.....	319,200 ^A	48,400 ^{PWC}	—
(v) Watsonville—new field office and parking facility	359,800 ^{AP}	37,700 ^w	1,007,300 ^C
Totals	\$1,775,550	\$1,830,161	\$6,072,000

Symbols indicate: a—land acquisition; p—preliminary plans; w—working drawings; c—construction

Previously Approved Funds Not Expended. Our analysis indicates that the proposed projects would provide needed facilities to accommodate the department's programs in these areas. However, funds provided in the Budget Act of 1979 have not been expended because the projects have not proceeded on a timely basis. We have not received adequate information to substantiate funds proposed in the 1980-81 budget. Moreover, the previously approved working drawings for the Oroville building addition project are proposed for reappropriation in Section 10.08(b) of the proposed budget. The proposed reappropriation would indicate that the department does not expect to complete preliminary plans and allo-

EMPLOYMENT DEVELOPMENT DEPARTMENT—Continued

cate working drawing funds for this project in the current year. Additionally, the project includes installation of carpeting that is not justified for field office-type facilities. The proposed carpeting should be deleted from the project, as the Legislature directed during its review of the department's 1979-80 program.

Given the fact that adequate information is not available to substantiate the requested funds, and given the status of the projects, we recommend deletion of the budget items in Table 2 totaling \$1,750,161. The funds proposed for the Oroville parking lot acquisition are not dependent on any previously approved project funds, and *we recommend approval of Item 546(e) to provide acquisition funds.*

Report on Project Status Needed. Prior to legislative hearings on the proposed budget we recommend the Employment Development Department and the Department of General Services prepare a report to the chairman of the fiscal committees and the Chairman of the Joint Legislative Budget Committee outlining (1) the status of the funds provided for these projects in the Budget Act of 1979, (2) the anticipated completion date for previously funded project phases, (3) the anticipated schedule for subsequent phases of the project and (4) the reasons for any delays which have occurred in the project schedule.

The departments should consider making changes in capital outlay projects and procedures along the lines we have recommended for field office projects for the California Highway Patrol and the Department of Motor Vehicles (Items 516 and 517). EDD projects have encountered delays and cost escalations similar to those experienced by the patrol and DMV. If procedures cannot be changed to expedite projects and reduce costs, then consideration should be given to providing new facilities through the lease-with-purchase-option method.

Building Alterations—Long Beach, Eureka and Vallejo

We recommend that Item 546(w) be reduced \$50,800, Item 546(x) be reduced \$40,900 and Item 546(y) be reduced \$11,900, a total reduction of \$103,600.

The budget proposes construction funds for modification of the Long Beach (\$554,800), Eureka (\$349,100), and the Vallejo (\$176,300) field offices. The proposed projects would provide for (a) modifications to accommodate the handicapped, (b) improvements to existing building heating and air conditioning systems and (c) general upgrading of the facilities.

The Office of State Architect has prepared preliminary plans for the proposed alteration projects from support funds provided by the department. The modifications are needed to provide access for handicapped clients and to adequately house the department's programs. However, the proposed budget for architectural and engineering services and construction contingency expenses is overstated. For remodeling projects, an amount equivalent to 20 percent of the estimated construction contract should be adequate to cover these expenses. The funds proposed by the State Architect's Office for these expenses represent 29 percent of the construction cost. There is no information justifying the excess, and the

budget should be reduced to provide no more than the normal 20 percent amount. Consequently, we recommend Item 546(w) be reduced \$50,800, Item 546(x) be reduced \$23,900 and that Item 546(y) be reduced \$11,900. The remaining project funds should be adequate for architectural/engineering services and contingency expenses.

In addition, the proposed construction funds for the Eureka field office include \$17,000 for carpeting. The Legislature deleted carpeting from a similar project proposed in the 1979-80 budget because the additional cost is not justified in field office-type facilities. Moreover, carpeting is not as durable as hard surface finishes, and must be replaced more frequently. The existing floor covering should be adequate for the field office, and we, therefore, recommend construction funds for the Eureka alterations be reduced by \$17,000, based on the Department of General Services' estimate for carpeting.

Parking Lot Acquisition and Improvements—Modesto

We recommend Item 546(z) be deleted, a reduction of \$30,000.

The budget includes \$30,000 for parking lot acquisition and improvements at the Modesto field office. The Budget Act of 1976 provided \$100,000 for the proposed acquisition. This was augmented by a \$101,000 appropriation in the 1977 Budget Act and \$30,000 by Executive Order of the Director of Finance pursuant to Public Works Board approval. The 1977 Budget Act also included \$73,900 for parking lot improvements and these funds have been transferred to the Office of State Architect. The funds in the Budget Bill would provide additional augmentation for (1) acquisition of a one-fifth interest in one remaining parcel and (2) additional parking lot construction funds.

The State Public Works Board has authorized an order of immediate possession for the one-fifth interest in the remaining parcel to be acquired. The budget also indicates that \$12,207 is available in the current year for this acquisition. According to the Department of General Services, this amount should be adequate to acquire the remaining one-fifth interest in the parcel currently under the order of possession. Construction of the parking lot improvement should also proceed in the current year because adequate funds have been provided in the Budget Act of 1977, and the Public Works Board has allocated these funds. Given the fact that funds are available in the current year for the proposed acquisition and improvements, there is no basis for appropriation of additional funds. Consequently, we recommend deletion of Item 546(z), a reduction of \$30,000.

Parking Site Acquisition—Hollywood

We recommend deletion of Item 546(aa), a reduction of \$335,000.

The budget proposes \$335,000 in additional land acquisition funds to provide additional parking at the Hollywood field office. The Budget Act of 1978 appropriated \$445,000 for the proposed acquisition and \$158,735 for improvements needed to accommodate parking needs.

We have not received any information to indicate that the funds previously appropriated for acquisition of the needed parking area are not sufficient. Furthermore, according to information provided by the Department of General Services, two of the original six projects to be ac-

EMPLOYMENT DEVELOPMENT DEPARTMENT—Continued

quired have been deleted from the project and two new parcels have been added. We have not received any information regarding the reasons for deleting these parcels and adding alternate parcels to the project. We have no basis on which to evaluate the need for additional acquisition funds and we, therefore, recommend deletion of Item 546(aa).

Project Planning—Statewide

We recommend approval.

The budget proposes \$25,000 for project planning for EDD field office facilities. The department will allocate these funds for development of cost estimates for projects to be proposed for the 1981-82 capital outlay budget. The proposed funds are needed to insure that adequate information is available to substantiate the project requests and we recommend approval.

DEPARTMENT OF REHABILITATION

Item 547 from the General Fund and federal funds

Budget p. HW 144

Requested 1980-81	\$384,000 ^a
Recommended approval	None
Recommended reduction	234,000 ^b
Recommendation pending	150,000

^a Item 547 proposes \$49,920 from the General Fund and \$334,080 from federal funds.

^b Includes \$30,420 from General Fund and \$203,580 from federal funds.

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *Minor Capital Outlay. Reduce by \$50,000.* Recommend funds for emergency egress system be deleted. 1619
2. *Minor Capital Outlay. Reduce by \$140,000.* Recommend seven projects for fire safe areas be deleted. 1619
3. *Minor Capital Outlay. Reduce by \$44,000.* Recommend lump-sum rental expense for proposed branch office be deleted. 1620
4. *Minor Capital Outlay.* Withhold recommendation on funds for automatic doors pending receipt of additional information. 1620

ANALYSIS AND RECOMMENDATIONS

The budget proposes \$384,000 for 39 minor capital outlay projects (\$100,000 or less per project) for the Department of Rehabilitation. The projects are to be funded on the basis of 13 percent from the General Fund (\$49,920) and 87 percent from federal funds (\$334,080). Table 1 summarizes the department's request and our recommendations on the projects.

Table 1
Department of Rehabilitation

Minor Capital Outlay
1980-81

<i>Project Location</i>	<i>Project Description</i>	<i>Budget Bill Amount</i>	<i>Analyst's Proposal</i>
1 Central Office	Install full emergency egress system in stairwell	\$50,000	—
2-8 7 District Offices	Install fire-safe areas and emergency egress system on upper floors	140,000	—
9 Watts area	Lump-sum payment for construction of branch office	44,000	—
10-39 30 Offices	Install electric door opening devices	150,000	<u>pending</u>
Total		\$384,000	<u>pending</u>

Central Office Existing System

We recommend Item 547 be reduced \$50,000 by deleting one project at the central office.

The budget proposes \$50,000 to install an emergency egress system in the stairwell of the central office in Sacramento. The department indicates that installation of this system would allow disabled individuals to evacuate the building in their wheelchairs. The proposed system is only experimental, and there is no basis to substantiate the requested amount.

On March 22, 1979 the Department of General Services advised the Chairman of the Joint Legislative Budget Committee (in accordance with Section 6.1 of the Budget Act) that the Department of Rehabilitation intended to undertake a minor capital outlay project at the headquarters facilities. The proposed project provided alterations to install fire barrier folding partitions to provide "safe areas" for the physically handicapped. The department indicated that the proposed alteration would allow safe exiting for physically handicapped individuals in the event of a fire or emergency. This project has been completed and the safe areas for physically handicapped individuals are now available. In view of the experimental nature and unknown costs of the proposal and the approved minor capital improvements, we recommend the proposed project for \$50,000 at the central office be deleted.

District Office Projects

We recommend Item 547 be reduced by \$140,000 by deleting seven district office projects.

The budget includes \$140,000 for seven projects to install emergency fire safe areas on upper floors at existing district offices. The fire safe area is composed of a fire resistant automatic partition in the exit corridor of the building where handicapped individuals may gather in an emergency and await evacuation by emergency personnel. This system was installed at the department's central office in Sacramento based on the number of handicapped individuals which are employed at this building. However, we have not received any information on the number of handicapped employees at these locations, or the condition of the existing building exiting system.

The proposed projects are premature because (1) the department has

DEPARTMENT OF REHABILITATION—Continued

not developed criteria for evaluating the need to provide these systems in specific buildings, and (2) the amount of funds proposed is not based on adequate information.

Current code does not require provisions for the installation of separate fire safe areas for handicapped individuals. Thus, before funds are provided to expand this program, the department should develop, in consultation with the State Fire Marshal, evaluation criteria for determining when this type of system is needed.

Moreover, the proposed amount of funds is not based on adequate information. The department indicates that the proposed modifications will cost \$20,000 for each installation. The department's requests, however, are inconsistent. For instance, modifications at the Pasadena office will involve work on nine floors while similar modifications for the Fresno office will include only two floors. The budget, however, proposes \$20,000 for both of these projects.

Given the fact that the department (1) has not identified specific needs, (2) has not developed criteria for evaluating the need for these modifications, or (3) has not substantiated the adequacy of the funds requested, we recommend the proposed projects be deleted.

District Office—Watts Area

We recommend Item 547 be reduced \$44,000 by deleting funds for a lump-sum rental payment.

The budget proposes \$44,000 under minor capital outlay to provide a lump-sum payment for rental of a branch office in Watts. Funds for this purpose should not be budgeted in the minor capital outlay portion of the budget. Moreover, the Department of General Services is responsible for providing space needs for its client agencies. The Department of Rehabilitation should contact the Space Management Division of the Department of General Services and request space in this area. Based on Space Management's assessment of available space, the department should request funds in the facilities operation line item in the support budget. Minor capital outlay funds are for necessary discretionary improvements and alterations to existing space. We see no basis for including the proposed \$44,000 in this item, given the fact the funds represent costs associated with an ongoing rental expense.

District and Branch Offices—Automatic Doors

We withhold recommendation on \$150,000 proposed for installation of automatic doors at 30 district offices.

The budget proposes 30 projects, at \$5,000 each, to install automatic doors at existing district and branch offices. The department indicates that the automatic doors are required to meet handicapped accessibility mandated by Section 504 of the Federal Rehabilitation Act of 1973.

Our analysis of the applicable code requirements indicates that automatic doors are not necessarily required for handicapped accessibility. Building owners and operators are responsible for providing doorways which (a) have adequate clearance for wheelchairs and (b) do not require excessive force to open. The department should evaluate the existing

doors at these locations and identify those that can be modified to meet the code by adjusting or replacing the mechanical door closer. Those that cannot be modified may require installation of automatic doors. The department, however, has recently installed an automatic door opener at its Pleasant Hill office. The device chosen by the department attaches to the existing door and allows handicapped individuals to activate the opener when needed. This system has been installed at a cost of \$2,500. We, therefore, recommend that where automatic openers are necessary, the new opening mechanism be installed in lieu of automatic doors which cost \$5,000 each.

We withhold recommendation on the proposed funds pending the department's survey of the need for modifications to existing doors.

DEPARTMENT OF SOCIAL SERVICES

Item 548 from the General Fund and federal funds

Budget p. HW 173

Requested 1980-81	\$167,000 ^a
Recommended approval	167,000

^a Item 548 appropriates \$83,500 from the General Fund and a like amount from federal funds.

ANALYSIS AND RECOMMENDATIONS

Alterations to Sacramento Office Buildings 8 and 9

We recommend approval.

The budget includes \$167,000 for four minor capital outlay projects (\$100,000 or less per project) for the Department of Social Services. The projects would be funded with \$83,500 from the General Fund and \$83,500 from federal funds. The proposed projects would provide minor improvements to Office Buildings 8 and 9 in Sacramento. The Department of General Services has prepared a facility plan to consolidate health related agencies in these buildings and the new site 1A building scheduled to be completed in early 1981. Under the proposed facility plan, the Department of Social Services will vacate leased space, and will occupy state-owned space vacated by agencies moving to the site 1A building. The proposed projects include:

- (1) Demolition of walls to improve space efficiency (\$28,000);
- (2) Relocation of electrical service (\$37,500);
- (3) Construction of legal offices and library (\$10,596);
- (4) Removal of raised computer floor and conversion to office space (\$90,904).

The proposed modifications are the minimum alterations needed to make the existing space functional. Existing offices will be utilized wherever possible. The raised computer floor to be removed was installed at the time the building was constructed. The computer functions have been transferred to the Health and Welfare Data Center, and the space is now available for office use. The proposed projects are needed and we recommend approval.

UNIVERSITY OF CALIFORNIA

Item 549 from the Capital Outlay Fund for Public Higher Education

Budget p. E 104

Requested 1980-81	\$4,672,000
Recommended approval	1,731,000
Recommended reduction	2,249,000
Recommendation pending	692,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS *Analysis page*

1. *Universitywide—Planning Studies.* Reduce by \$50,000. 1624 Recommend deletion of engineering and environmental planning studies.
2. *Universitywide. Seismic Safety Studies.* Reduce by 1625 \$410,000. Recommend the university participate in the Seismic Safety Commissions' statewide state building evaluation program at a reduced cost of \$90,000.
3. *Universitywide—Northern Regional Library Facility.* 1626 Reduce by \$500,000. Recommend deletion of working drawings for the northern regional library facility.
4. *Universitywide—Southern Regional Library Facility.* 1628 Reduce by \$381,000. Recommend deletion of funds for an Environmental Impact Report and preliminary planning for the southern regional library facility.
5. *Berkeley—SCM Building.* Reduce by \$862,000. 1629 Recommend deletion of working drawings and construct, SCM building, relocation of activities from Richmond service and storage facility, step 1.
6. *Berkeley—Hildebrand Hall.* Withhold recommendation 1630 of working drawings and construct Hildebrand Hall laboratory alterations, pending receipt of additional information.
7. *Berkeley—Biochemistry Ventilation.* Withhold recommendation 1631 on working drawings and construct biochemistry ventilation system improvements, pending receipt of additional information.
8. *Davis—Wastewater Recycling.* Reduce by \$46,000. 1631 Recommend deletion of preliminary plans and working drawings for a wastewater recycling system.

ANALYSIS AND RECOMMENDATIONS

The University of California capital outlay program totals \$19,863,000 in state funds (eight items) plus \$1,848,000 in federal funds reported in Item 556. A summary of the program is shown in Table 1.

Table 1
University of California
Summary of Capital Outlay Program In
1980-81 Budget Bill

Item	Budget Bill Amount	Fund ^a	Analysis Page
549.....	\$4,672,000	COFPHE	1622
550.....	5,000,000	COFPHE	1632
551.....	200,000	COFPHE	1633
552.....	5,399,000	COFPHE	1634
553.....	2,209,000	COFPHE	1639
554.....	758,000	ERF	1642
555.....	330,000	Regents'	1646
556.....	(1,848,000)	Federal	1647
594.....	1,295,000	Bonds	1715
Total	\$19,863,000 ^b		

^a COFPHE—Capital Outlay Fund for Public Higher Education

ERF—Governor's proposed Energy and Resources Fund

Regents'—from sale of Richmond Service and Storage Facility

Bonds—Health Science Facilities Construction Program Fund

^b Does not include federal funds under Item 556.

Item 549, discussed here, contains 12 proposals. A summary of these projects and our recommendations for each is shown in Table 2. A discussion of each project follows:

Table 2
University of California
Item 549, General Capital Improvement Projects

Item	Project Title	Phase ^a	Campus	Budget Bill Amount	Analyst's Proposal	Estimated Future Cost ^b
549(1)	Project programming and preliminary plans.....	p	Universitywide	\$250,000	\$250,000	-0-
549(2)	Engineering and environmental planning studies	p	Universitywide	50,000	-0-	-0-
549(3)	Seismic safety studies	p	Universitywide	500,000	90,000	unknown
549(4)	Northern regional library facility	w	Universitywide	500,000	-0-	\$7,715,000
549(5)	Southern regional library facility	p	Universitywide	381,000	-0-	12,869,000
549(6)	Schoenberg Hall Addition	e	Los Angeles	100,000	100,000	1,167,000
549(7)	SCM Building	wc	Berkeley	862,000	-0-	-0-
549(8)	Social ecology building	pw	Irvine	294,000	294,000	3,800,000
549(9)	Cory Hall—utility systems/handicapped improvements.....	c	Berkeley	997,000	997,000	-0-
549(10)	Hildebrand Hall—laboratory alterations.....	wc	Berkeley	435,000	pending	-0-
549(11)	Biochemistry ventilation system improvements	wc	Berkeley	257,000	pending	-0-
549(12)	Waste water recycling	pw	Davis	46,000	-0-	674,000
Totals				\$4,672,000	\$1,731,000	\$26,225,00 ^c

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

^b University estimate.

^c Exclusive of unknown estimated future cost for Item 549(3)

UNIVERSITY OF CALIFORNIA—Continued**Universitywide Project Planning**

We recommend approval of Item 549(1), project programming and preliminary plans.

This budget item provides \$250,000 for project programming and preliminary plans for major capital outlay projects on the university's general and health science campuses. Budget language provides that (a) a maximum of \$100,000 will be available for expenditure on July 1, 1980 for utility and site development projects and for development of benefit/cost analyses of planning alternatives for proposed 1982-83 capital outlay projects, and (b) \$150,000 plus any balance of the \$100,000, will be available for preliminary planning for those working drawings or working drawings/construction projects which are in the 1981-82 Governor's Budget. This language, which has been included in each Budget Act since 1975, provides improved project programming and expedites approved projects. The requested amount is reasonable and we recommend approval.

Universitywide—Planning Studies

We recommend deletion of Item 549(2), engineering and environmental planning studies, a \$50,000 reduction.

Studies under this category are funded on a universitywide basis because they are not related to individual capital projects. This request includes three proposed studies at three campuses. We recommend deletion of the three proposals. A brief description of each study follows.

Davis—Electrical Distribution Study. This \$18,000 study would provide an evaluation of the efficiency and electrical disconnect capability of the campus electrical distribution system. State funded projects have previously been approved to increase the efficiency of the Davis electrical distribution system. The need to further study this area in order to increase the system efficiency has not been substantiated. Further, the proposed evaluation of the electrical disconnect capability falls in the maintenance category, and should be accomplished utilizing campus maintenance and operations staff.

Los Angeles—Utilization of Wastewater from Campus Irrigation. This proposal is for \$15,000 to examine the feasibility of water distribution systems to utilize reclaimed water from the Hyperion Sewage Disposal Plant of the City of Los Angeles. The campus is being considered as a recipient for this low cost reclaimed water. The proposed project may have merit, but the project and its benefit/cost analyses should be funded utilizing the amount provided under Item 549(1). The Los Angeles proposal is for a specific project and should not be funded under the general studies category.

San Francisco—UC Hospital Study. This proposal is for \$17,000 to study the future use or demolition of the UC Hospital. Upon completion of the Moffitt/Long Hospital, all patients housed in UC Hospital will be moved into new facilities. The proposed study would consider demolition of the existing facility or convert it to other uses, and the cost implications of each alternative. This request is also related to a specific capital project and should not be funded under the general studies category. Funds are avail-

able under Item 549(1) for developing the necessary information for specific projects of this type. That source should be used to fund the UC Hospital evaluation.

Universitywide—Seismic Safety Studies

We recommend that Item 549(3), preliminary plans for seismic safety studies be retitled to provide planning funds only and be reduced by \$410,000.

The budget requests \$500,000 to provide preliminary plans for seismic hazard correction work for unspecified university buildings. Although the budget language provides the funds for preliminary plans, the university request and the Governor's Budget indicate that the funds are to be used for studies. Thus, the language should be changed to reflect the intended use.

The university's request is based on a prior evaluation of university buildings which resulted in a seismic resistivity rating of either good, fair, poor, or very poor, based on the university's seismic safety policy. Accordingly, the university intends to use the requested funds to make more detailed structural studies of buildings rated poor, very poor, and some buildings rated fair. The university's methodology for rating the seismic resistivity of buildings varies significantly from the method recommended by the Seismic Safety Commission in its April 1979 report to the Legislature.

The Seismic Safety Commission has submitted its final report on evaluating the seismic hazards of state-owned buildings. The Legislature requested this study in the Supplemental Report of the 1976 Budget Act in order to establish criteria upon which to determine, on a priority basis, the statewide need and method of upgrading the seismic resistivity of all state-owned buildings. The commission's report proposes a methodology which would establish reconstruction priorities based on the life saving potential of each project. The method takes into consideration the life saving ratio (postulated number of fatalities per 10,000 population) for a particular structure before and after reconstruction, the equivalent building occupancy before and after reconstruction and the anticipated reconstruction costs. The method allows for alternatives to reconstruction such as the demolition and replacement of the building or changing the use of a building.

In our analysis of the Seismic Safety Commission budget, we have recommended that the commission conduct a comprehensive seismic evaluation of state-owned buildings. To implement the program, the commission will be requesting basic building data, such as age, construction, occupancy, etc., for all state-owned buildings. The commission will use these data to identify statewide building seismic reconstruction needs.

The implementation program is the next step to provide the information needed by the Legislature to assess the statewide needs in this area. The university program should be included in the Seismic Safety Commission evaluation, so that the Legislature will have a consistent basis for appraising statewide needs and relative benefits for seismic rehabilitation of state buildings. Because of the work already accomplished in the univer-

UNIVERSITY OF CALIFORNIA—Continued

sity, \$90,000—an average of \$10,000 per campus—should be adequate to provide the data necessary for the Seismic Safety Commission.

Universitywide—Northern Regional Library Facility

We recommend that Item 549(4), working drawings for a northern regional library facility be deleted, a reduction of \$500,000.

This proposal is for \$500,000 to develop working drawings for the construction of a 116,000 assignable square foot (ASF) regional library storage facility. The facility would be located on university property at the Richmond Agricultural Field Station. Preliminary planning funds (\$147,000) were provided in the 1979 Budget Act. Estimated future costs total \$7,715,000 including \$906,000 available from the sale of the Richmond storage facility. Thus, the current estimated total project cost is \$8,862,000.

The university currently uses a portion of the storage facility in Richmond to house seldom used volumes. In November 1978, the university sold this facility to the Richmond Redevelopment Agency with the understanding that the university could remain in the facility for five years, rent free. The facility was sold for \$7.55 million. Terms of the sale include a \$2.25 million downpayment with the balance payable in 30 annual payments plus 8 percent interest on the unpaid balance. Prior to legislative reviews the university obligated a portion of the proceeds from the sale of the Richmond facility by purchasing other storage facilities at Oyster Point, South San Francisco and in the City of Oakland. Because the Richmond facility was purchased by the state, the Legislature adopted language in the 1979 Budget Act requiring the university to set aside, the unobligated portion of the proceeds in a separate account to be used to offset future state supportable capital outlay costs when appropriated by the Legislature. The university intends to use \$906,000 of the funds in the subject account to provide a portion of the construction costs for the regional facility.

Proposed Project. The proposal in the Budget Bill would contain 11,000 assignable square feet (ASF) for staff, equipment and library users, and 105,000 ASF of shelving/storage area for 3 million library volumes. The building would be designed for potential expansion to house 11 million volumes. The current estimated total project cost of \$8,867,000 is \$2,730,000—44.5 percent—higher than the university proposed last year.

Cost Excessive. The university's library plan is based, in part, on the savings resulting from using less expensive off-campus storage facilities rather than traditional on-campus library space. In this respect the university's plan is reasonable. However, the current construction cost estimate of \$73 per gross square foot (gsf) for the off-campus storage facility would not allow these savings to be realized. The cost per square foot of this off-campus storage facility is 27 percent higher than state cost guidelines for on-campus libraries in the California State University and College system (\$57.45 per gsf).

University's Library Plan. The university proposes to construct a regional library storage facility in the north—at the Richmond field station—and in the south—on the UCLA campus. The impetus for this proposal is

the ever growing universitywide library holdings, which total nearly 16 million volumes and increase by more than 600,000 annually. Under the university's plan, "less expensive" off-campus storage facilities would house "seldom" used volumes from throughout the system. Compared to general campus library space, the proposed storage facilities should be less expensive to construct and operate and should eliminate any need to construct additional library space on the various university campuses.

According to data in the University's Library Plan, dated July 1977, prior studies have indicated that "books that develop little recorded use develop little browsing, and books that develop much recorded use develop much browsing." In the plan, the university concluded that it would be reasonable to use the criterion of last circulation date as the best indicator of future use both outside and within the library. The plan further indicates that:

"this criterion is used only to estimate the amount of material considered eligible for compact shelving, and only for the purpose of the specific model and for systemwide consistency in planning. The selection of specific items to be placed in the facilities would be made by each campus, on whatever basis seems appropriate for that campus."

With this caveat, the university then, for planning purposes, uses the basic criteria that a campus would *consider* sending a volume to the storage facility if the volume had not been circulated within the previous 12 years. If the volume had not been circulated during this 12-year period, the campus would still have the option to keep the volume within the campus library. Under the plan, the university would consider sending a volume from the regional center to storage at the National Center for Research Libraries only if it had not been circulated from the Regional Center for 10 years. *Thus, under the university's plan, a volume within the university's library system would be considered for storage outside the university only if a volume had not been circulated over a 22-year period.*

Because the Legislature was concerned that the university's criteria for selecting and storing seldom used volumes would not reduce the need to construct library facilities on the general campuses and would not result in any cost savings to the state, it adopted language in the Supplemental Report of the 1979 Budget Act that directed the university to reevaluate its criteria.

Based on its reevaluation the university now indicates that "no single criterion or combination of criteria can be used for selection of material" and further concludes that "in the last analysis, we must employ the professional judgment of librarians in selecting actual items." The university estimates that the total volumes stored would be approximately equal to the number which would be stored using a criterion of seven or eight years since last circulation. We asked the university to identify for the Legislature how many volumes at each campus have not circulated in five years, eight years, and ten years. The university's written response stated: "As indicated earlier, we do not intend to use circulation as a criterion for circulation of material for these facilities."

Our analysis indicates that the university's proposed methods of selecting seldom-used volumes to be sent to the regional facilities are not differ-

UNIVERSITY OF CALIFORNIA—Continued

ent from those used now. Librarians can send "seldom" used volumes to the Richmond facility and yet the Davis campus—which according to the university has a serious library space problem—is only storing 6,000 volumes (from a total general campus collection of approximately 1.2 million volumes) at the Richmond facility.

The university's reevaluation of the proposed use of the storage facilities has not resulted in the development of criteria that will assure a reduction in the need to construct new library facilities on the general campuses or result in any cost savings to the state. In addition, the cost to construct the northern facility is now estimated to exceed the cost of an on-campus library structure. Therefore, we recommend that no additional funds for the northern facility be appropriated until the university (1) establishes specific criteria and administrative procedures to insure that construction of the regional facilities will meet the stated objectives and (2) the construction cost of the storage facility is reduced.

Universitywide—Southern Regional Library Facility

We recommend deletion of Item 549(5), Environmental Impact Report and preliminary plans for the southern regional library facility, a reduction of \$381,000.

This request would provide for the development of the Environmental Impact Report and preliminary architectural plans for a 148,000 asf library storage facility on the University of California, Los Angeles campus. The building would include 11,000 asf for staff, equipment and library users, and 137,000 asf for shelving/storage to house 5 million library volumes. The current estimated total project cost is \$13,250,000 and the estimated construction cost is \$68.10 per gsf. This estimate, however, should be considered a "ball park" figure. The facility is planned for construction on the northwest edge of the UCLA campus and will be partially subterranean. In view of the fact that the university's cost estimate for the northern regional facilities—located off-campus at an agricultural field station—increased 44 percent after schematic architectural plans were developed, the estimate for the southern facility is probably conservative.

In any case, as discussed under our analysis of Item 549(4), for the northern regional library facility, we recommend that no funds be provided for the southern facility until the university reevaluates its current library storage plans.

Los Angeles—Schoenberg Hall Addition

We recommend approval of Item 549(6), equip Schoenberg Hall addition.

Construction funds for the 43,200 square foot Schoenberg Hall music building addition were approved in the Budget Act of 1979. The university expects to start constructing the addition in the spring of 1980. Consequently, the funding of movable equipment to make the building operable will not be needed until 1981-82. Acquisition of one major teaching item (a pipe organ), however, requires a long lead time for delivery in 1981-82. Thus, the Budget Bill includes funds to purchase the pipe organ. We recommend approval.

Berkeley—SCM Building

We recommend that Item 459(7), working drawings and construct SCM building, relocation of activities from Richmond service and storage facility, step 1 be deleted, a savings of \$862,000.

The Smith Corona Marchant (SCM) building, including approximately three acres of parking, was purchased by the university using proceeds from the sale of the Richmond storage facility. The budget includes \$862,000 from the COFPHE for working drawings and construction for the initial phase of alterations to meet the university's needs. The work includes modifications of office space (such as partition changes, light fixtures, shelving, electrical, etc.), improvements to the loading dock and building heating system, and correction of code deficiencies related to fire, seismic safety and access for the physically handicapped. The university has indicated that this is the initial phase of its planned alteration of the SCM building. Costs for future alterations have not been identified.

The budget proposal is based on the university's intended use of the SCM building: (a) housing a portion of the program, now conducted at the Richmond storage facility, and (b) establishment of a new records management center for the Berkeley campus.

Use Warehouse Area for Library Storage. The SCM building consists of two identifiable structures—a five-level office portion contains 102,630 asf and a three-level warehouse containing 318,000 asf. The warehouse section could be used to store the university's "seldom" used library volumes in lieu of constructing the proposed northern regional facility. There is adequate space for the storage needs and it is our understanding that the warehouse was structurally designed to accept two additional floors. The university's preliminary studies indicate that the alterations cost for library storage would be excessive. However, a review of the university's cost estimates reveals that much of the anticipated work would be necessary regardless of how the facility is used, and is not unique to library needs. When accounting for these costs, library use of the SCM building appears to be an economical solution.

In view of the increased cost of the proposed northern regional center and the potential use of the SCM building for library storage space, we recommend that the \$862,000 requested for alteration of the SCM building be deleted. Further, we recommend that the university reevaluate the use of the SCM building and assess the minimum alterations needed to store the "seldom" used volumes. Housing of other functions currently located at the Richmond facility should be considered for (1) other portions of the SCM building, (2) on property purchased with the SCM building or (3) in existing and/or new storage facilities in the university system that are less expensive.

Irvine—Social Ecology Building

We recommend approval of Item 549(8), preliminary plans and working drawings, social ecology building.

This proposal would provide architectural plans and specifications for a 28,820 asf building to house the interdisciplinary Social Ecology Program at Irvine. The current estimated total project cost including equipment is

UNIVERSITY OF CALIFORNIA—Continued

\$4,094,000. Construction and equipment costs will be requested in future budgets. The proposed building will consist of the following:

- Offices—8,720 asf
- Instructional laboratories—5,600 asf
- Faculty and student research labs—12,740 asf
- Support—1,760 asf

The proposed space and the estimated costs are within state guidelines.

According to the university, social ecology is an interdisciplinary academic program—unique to the Irvine campus—which focuses on contemporary problems of the physical and social environment. The faculty participating in the program are multi-disciplinary and include psychologists, criminologists, planners, sociologists, public health biologists and lawyers. The academic program was started under the interdisciplinary studies category and has grown to the extent that it is now identified as an independent program. In the past, the social ecology program has been provided space on an "as available" basis and is currently located in 14,931 asf divided among four buildings. The proposed project will consolidate the faculty and academic activities for social ecology. The space currently occupied by the social ecology program will be reassigned to the engineering and computer science programs. Based on current and projected enrollments and the amount of physical space (less than 90 percent of guideline needs) on the Irvine campus, the requested facility is justified. Consequently, we recommend approval.

Berkeley—Cory Hall

We recommend approval of Item 549(9), construct Cory Hall, utility systems/handicapped improvements.

This \$997,000 will modify Cory Hall—which houses engineering and computer sciences—to conform with code requirements governing fire, life safety and physically handicapped accessibility. In addition, the project will improve the building ventilation and electrical systems and upgrade air conditioning to computer areas. The 1979 Budget Act included \$45,000 for working drawings. The preliminary plans have been completed and working drawings are in process. Thus construction should begin early in 1980-81. The costs associated with the various aspects are reasonable and we recommend approval.

Berkeley Campus—Hildebrand Hall

We withhold recommendation on Item 549(10), working drawings and construct Hildebrand Hall, laboratory alterations, pending additional information.

Hildebrand Hall is part of the College of Chemistry complex at Berkeley. The proposed project will convert a portion of an overly wide corridor into storage, which in turn will allow two large storerooms to be converted to chemical engineering research laboratories. The proposed alterations represent an efficient use of existing space to meet academic program needs. The university is in the process of developing preliminary plans and adequate information regarding the cost of the project, and this information should be available prior to budget hearings. Pending receipt of this

information, we withhold recommendation on the proposal.

Berkeley Campus—Biochemistry Ventilation

We withhold recommendation on Item 549(11), working drawings and construct biochemistry ventilation system improvements, pending additional information.

This project (\$257,000) would improve the biochemistry building ventilation system by replacing undersized heating coils, modifying the air distribution duct system, upgrading the air filter system and cleaning the interior of the duct work. The improvements will alleviate noise, dirt and differential air pressure problems which have increased to the point of interfering with the teaching and research programs of the Department of Biochemistry. Under these circumstances the proposed work is appropriate. The university is preparing preliminary plans and cost estimates which should be available prior to budget hearings. Pending receipt of the plans and cost estimate we withhold recommendation on this proposal.

Davis Campus—Wastewater Recycling

We recommend deletion of Item 549(12), preliminary plans and working drawings, wastewater recycling, a savings of \$46,000.

This proposal includes changes to the campus sewage plant chlorination system to meet State Water Quality Control Board standards, and a storage/distribution system to allow approximately 1 million gallons per day of wastewater discharged by the campus sewage treatment plant to be used for agricultural and/or landscape irrigation. According to the university, the project has been under consideration for grant funding under the Clean Water Program since 1978 and has not yet been approved.

The project information submitted by the university is inadequate and does not substantiate the need, benefit or estimated cost. For example, the system will apparently require storage of 1 million gallons of waste water. However, the type of storage facilities to be constructed—such as surface storage or a storage tank—has not been determined. In addition, the wastewater treatment process is unresolved. In view of the lack of justification for this project, and the lack of adequate project information, we recommend that the requested funds be deleted.

UNIVERSITY OF CALIFORNIA

Item 550 from the Capital Outlay Fund for Public Higher Education

Budget p. E 104

Requested 1980-81	\$5,000,000
Recommended approval	5,000,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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page*

1. Budget Language. We withhold recommendation on the Department of Finance deletion of budget language, pending receipt of additional information.

ANALYSIS AND RECOMMENDATIONS

This request is for \$5 million for minor capital outlay (\$100,000 or less per project) to be allocated to each of the general and health science campuses and agricultural field stations. Based on our review of the list of projects submitted by the university, the level of funding is reasonable and we recommend approval of this amount.

Budget Language Deleted

We withhold recommendation on the Department of Finance deletion of budget language, pending receipt of additional information.

This request represents a lump-sum appropriation to be allocated by systemwide administration for minor construction and improvements at each of the campuses and agricultural field stations.

The 1979 Budget Act contained language requiring:

- the systemwide administration office to submit to the Department of Finance, for approval, a statewide priorities listing of the projects proposed to be funded in the minor capital improvement program.
- the Department of Finance to report changes to the approved list to the Joint Legislative Budget Committee.
- a post-audit report of the projects funded under the program.

The Department of Finance has deleted this language from the 1980 Budget Bill.

The language was added to the Budget Act because implementation of the minor capital outlay program in prior years was not satisfactory. Between 1970 and 1979, the authority to make final decisions with respect to minor capital projects requested by individual campuses was delegated to the systemwide office. This was intended to (1) allow the university more flexibility in meeting the needs of campuses in a more timely fashion, and (2) reduce the administrative burden placed on the Department of Finance. A post-audit report was provided to assure that the funds were administered wisely. Based on reviews of post-audit reports, it appeared that in many cases the funds were not administered wisely and that the university's method of allocating funds to each campus was inadequate. It did not appear that funds were being allocated on a needs basis, and as a result minor capital outlay money was being expended for (1) mainte-

nance items, (2) work specifically deleted from major capital outlay projects, and (3) phasing of projects costing in excess of \$100,000.

The subject budget language has caused an administrative burden that should not be necessary. The Department of Finance and the university staff have indicated that a new procedure will be established to assure proper administration of the minor capital outlay program and alleviate the current administrative burden—an effort we encourage. We anticipate receiving the revised procedures prior to budget hearings. Until this information is available, we withhold recommendation on the proposed deletion of budget language.

UNIVERSITY OF CALIFORNIA

Item 551 from the Capital Outlay Fund for Public Higher Education

Budget p. E 108

Requested 1980-81	\$200,000
Recommended approval	200,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item includes \$200,000 to provide the third installment to purchase the county's interest in the Sacramento Medical Center (SMC) land and buildings. The requested amount is in accord with the agreement between the County of Sacramento and the university providing for the university's continued operation, ownership and control of the SMC.

The agreement, which is effective July 1, 1978 through June 30, 1988, provides that the university must purchase the county's interest (base value of \$10 million) if the agreement is terminated on or before June 30, 1988. The agreement also provides that the university may make prepayments to the county for the county's interest under the following provisions:

"If the State of California budgets and makes available to the University funds therefor, the University shall prepay the county for a portion of the value of the interest in the medical center complex in the amount of \$200,000 for each fiscal year during which this agreement remains in effect, commencing with the fiscal year which begins July 1, 1978."

If the university makes all 10 annual prepayments, the value of the county's interest which would be required to be paid if the agreement is terminated June 30, 1988 would be \$6,687,942. This amount is based on the value of the annual prepayments at a rate of 9 percent per year compounded.

The agreement also provides that if a new or amended agreement is entered into by June 30, 1987, the county's interest value would be decreased by 10 percent for each fiscal year between June 30, 1988, and the effective date of termination of the new or amended agreement. Consequently, the university could become the sole owner of the SMC by June

UNIVERSITY OF CALIFORNIA—Continued

30, 1995 if all prepayments are made and a new agreement effective through 1995 is entered into by June 30, 1987. Under these conditions the university, through the state, would pay the county a total of \$2 million for the county interest in SMC plans and buildings.

We recommend approval of the third prepayment amount of \$200,000.

UNIVERSITY OF CALIFORNIA

Item 552 from the Capital Outlay Fund for Public Higher Education

Budget p. E 104

Requested 1980-81	\$5,399,000
Recommended approval	695,000
Recommended reduction	312,000
Recommendation pending	4,392,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Berkeley. Withhold recommendation on working drawings and construct School of Law building California Administrative Code (CAC) deficiencies, pending receipt of additional information. 1635
2. *Irvine.* *Reduce by \$229,000.* Recommend deletion of construct—CAC deficiencies (Cal/OSHA), step 1 general campus. 1636
3. Los Angeles. Withhold recommendation on construction —Kinsey Hall, fire safety and physically handicapped access, pending additional information. 1636
4. Los Angeles. Withhold recommendation on construct—CAC deficiencies (Cal/OSHA), step 1, pending receipt of additional information. 1636
5. *Berkeley.* *Reduce by \$83,000.* Recommend deletion of preliminary plans and working drawings—CAC deficiencies (handicapped) step 2. 1638
6. Davis. Withhold recommendation on working drawings and construct—CAC deficiencies (handicapped) step 1, pending receipt of additional information. 1638
7. *Irvine.* Withhold recommendation on working drawings and construct—CAC deficiencies (handicapped) step 2, pending receipt of additional information. 1638
8. *Irvine.* Withhold recommendation on working drawings and construct—CAC deficiencies (handicapped) at UCIMC, pending receipt of additional information. 1638
9. San Francisco. Withhold recommendation on working drawings and construct—CAC deficiencies (handicapped), pending receipt of additional information. 1638

10. Santa Barbara. Withhold recommendation on working drawings and construct—CAC deficiencies, elevators (handicapped), pending receipt of additional information. 1638
11. Santa Barbara. Withhold recommendation on working drawings and construct—CAC deficiencies (handicapped), pending receipt of additional information. 1638
12. Santa Cruz. Withhold recommendation on working drawings and construct—CAC deficiencies (handicapped) step 1, pending receipt of additional information. 1638
13. San Diego. Recommend modification of the project scope for CAC deficiencies (handicapped) step 1, to eliminate automatic doors where such doors are unnecessary. 1638

ANALYSIS AND RECOMMENDATIONS

This item contains \$5,399,000 for 14 projects related to building code deficiencies and removal of architectural barriers to the handicapped. A discussion of the projects in each of the categories follows.

Projects to Correct Code Deficiencies

This category contains five projects totaling \$2,660,000. The projects and our recommendations for each are summarized in Table 1.

Table 1
University of California
Projects to Correct Code Deficiencies

<i>Item</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Analyst's Proposal</i>	<i>Estimated Future Cost^b</i>
552(1)	School of Law Building CAC ^c deficiencies	wc	Berkeley	\$354,000	pending	-0-
552(2)	CAC deficiencies (Cal/ OSHA), Step 1 general campus	c	Irvine	229,000	-0-	-0-
552(3)	Fire Safety—campus water mains, Step 2	c	Los Angeles	633,000	\$633,000	-0-
552(4)	Kinsey Hall—fire safety and physically handicapped access	c	Los Angeles	787,000	pending	-0-
552(5)	CAC deficiencies (Cal/ OSHA), Step 1	c	Los Angeles	657,000	pending	-0-
Totals				\$2,660,000	\$633,000	-0-

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

^b University estimate.

^c California Administrative Code.

Berkeley—School of Law Building

We withhold recommendation on Item 552(1), working drawings and construct School of Law building CAC deficiencies, pending receipt of additional information.

This project (\$354,000) will alter the building to conform with fire protection codes and elevator seismic safety requirements, and improve accessibility for the physically handicapped. Portions of the work proposed in the university's program do not appear to be necessary—such as fire requirements related to high-rise buildings—and should be deleted. The

UNIVERSITY OF CALIFORNIA—Continued

university is preparing preliminary plans for the project and until that information is available and the costs associated with various program elements have been identified, we withhold recommendation.

Irvine—CAC Deficiencies (Cal/OSHA)

We recommend that Item 552(2), construct CAC deficiencies (Cal/OSHA), Step 1 general campus, be deleted, for a savings of \$229,000.

The work proposed in this \$229,000 project involves, for the most part, modification of campus fume hoods and exhaust systems. Cal/OSHA is reevaluating the regulations governing fume hoods and exhaust systems. Until the revised regulations are available and the work proposed under this project is reassessed, the need to undertake this project cannot be substantiated. Consequently, we recommend deletion of the proposal.

Los Angeles—Fire Safety

We recommend approval of Item 522(3), construct fire safety, campus water mains, step 2.

This request for \$633,000 will increase the water flow supply at the Los Angeles campus to assure adequate fire protection. The request is based upon a comprehensive engineering study of the campus water supply. The study revealed that some areas of the campus lack more than 50 percent of the required water flow for fire protection. Working drawing funds were provided in the Budget Act of 1979. The drawings are being prepared and construction should begin early in the budget year. The requested construction funds are reasonable for the work to be accomplished, and we recommend approval.

Los Angeles—Kinsey Hall

We withhold recommendation on Item 552(4), construct Kinsey Hall—fire safety and physically handicapped access, pending receipt of additional information.

The intent of this project (\$787,000) is to bring Kinsey Hall into conformance with code requirements governing fire safety and Cal/OSHA requirements, and improve accessibility for physically handicapped persons. The requested construction funds are based on architectural documents that were developed several years ago. The Budget Act of 1979 provided \$9,000 to update these documents to assure that construction adhered to current code requirements. To date, the documents have not been updated and the need for the requested amount has not been substantiated. The university's project schedule indicates that the necessary information will be available prior to budget hearings. We withhold recommendation until the information is available.

Los Angeles—CAC Deficiencies (Cal/OSHA)

We withhold recommendation on Item 542(5), construct CAC deficiencies (Cal/OSHA), step 1, pending receipt of additional information.

This proposal is for corrective work to bring Powell Library and Young Hall into compliance with Cal/OSHA code regulations, fire safety code and to render the buildings accessible to the physically handicapped.

Working drawing funds for this project were appropriated in the Budget Act of 1978 and allocated by the State Public Works Board in April 1979. Based on the university's current project schedule, working drawings did not begin until December 1979 and are expected to be completed in April 1980. We withhold recommendation until the working drawing documents are available and the necessary work and associated costs have been verified.

In addition, the project would provide for enclosure of the main central stairwell in Powell Library. This enclosure is a proposed alteration to meet fire safety regulations. The Powell Library was one of the first buildings constructed on the Los Angeles campus. The building and interior design are of historical significance and care should be taken to assure that building alterations do not compromise historical aspects. In view of this the university and the State Fire Marshal should investigate alternatives other than an enclosure—such as smoke/fire detection and fire sprinklers. The results of this investigation should be made available prior to budget hearings.

Projects to Remove Architectural Barriers to the Handicapped

This category contains nine projects to remove architectural barriers to the handicapped at seven campuses. A summary of the projects and our recommendations for each is provided in Table 2.

Table 2
University of California
Projects to Remove Architectural Barriers to
the Handicapped

Item	Project Title	Phase ^a	Campus	Budget Bill Amount	Analyst's Proposal	Estimated Future Cost ^b
552(6)	CAC ^c deficiencies (handicapped) Step 2.....	pw	Berkeley	\$83,000	-0-	\$832,000
552(7)	CAC deficiencies (handicapped) Step 1.....	wc	Davis	597,000	pending	-0-
552(8)	CAC Deficiencies (handicapped) Step 2.....	wc	Irvine	176,000	pending	-0-
552(9)	CAC deficiencies (handicapped) UCIMC ^d	wc	Irvine	385,000	pending	-0-
552(10)	CAC deficiencies (handicapped) Step 1.....	pw	San Diego	62,000	\$62,000	728,000
552(11)	CAC deficiencies (handicapped)	wc	San Francisco	404,000	pending	-0-
552(12)	CAC deficiencies, elevators (handicapped) ..	wc	Santa Barbara	470,000	pending	-0-
552(13)	CAC deficiencies (handicapped)	wc	Santa Barbara	233,000	pending	-0-
552(14)	CAC deficiencies (handicapped) Step 1.....	wc	Santa Cruz	329,000	pending	-0-
Totals.....				\$2,739,000	\$62,000	\$1,560,000

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

^b University estimate.

^c California Administrative Code.

^d University of California Irvine Medical Center.

UNIVERSITY OF CALIFORNIA—Continued**Additional Project Cost Information Required**

We withhold recommendation on Items 552(7) through 552(9) and Items 552(11) through 552(14).

We have withheld recommendation on seven requests for working drawing and construction funds because adequate information to substantiate the requested amounts is not available. The university is utilizing planning funds provided in the Budget Act of 1979 to prepare planning documents and develop adequate information regarding the costs of projects included in the 1980-81 Governor's Budget. The information should be available prior to budget hearings. We withhold recommendation pending receipt of this information.

Berkeley—CAC Deficiencies (Handicapped)

We recommend deletion of Item 552(6), preliminary plans and working drawings—CAC deficiencies (handicapped), step 2, for a reduction of \$83,000.

This project is proposed to provide "primary access" to 13 major academic and student administration buildings on the Berkeley campus. A similar project funded for construction in the Budget Act of 1979 provided accessibility to two major buildings and several selected lecture halls on the campus. The description of the project proposed in the budget year contains many items of work that are either low priority with respect to other needs on the Berkeley campus or are not required. Consequently, university staff have indicated that some of the proposed work will not be included. We have no information outlining the project that will be finally proposed by the university. Thus, we recommend deletion of the requested amount and suggest that the university reevaluate the program and propose a revised project addressing the high priority needs on the Berkeley campus.

San Diego—CAC Deficiencies (Handicapped)

We recommend approval of Item 552(10), preliminary plans and working drawings CAC deficiencies (handicapped), step 1.

Further, we recommend the project scope be modified to eliminate automatic doors where such doors are unnecessary.

This project will provide modifications to existing elevators, new access walks and ramps, handrails on existing ramps, elevators for two buildings, modification of existing restrooms and the installation of automatic doors. The proposals are all related to making existing facilities accessible to the physically handicapped, and represent phase I in a three phase program for the San Diego campus. Planning for the proposed work should proceed. However, the proposal to install automatic doors on 25 buildings at an estimated construction cost of \$125,000 has not been substantiated. In many instances, existing doors and/or door closures can be modified at a much lower cost to assure accessibility to the handicapped. For example, the Department of Rehabilitation has recently installed an automatic door operator on existing doors. The cost of the installed operator is approximately \$2,500. We recommend that during development of the prelimi-

nary plans, the university thoroughly evaluate this option. In any case, the requested amount to develop preliminary plans and working drawings is reasonable and we recommend approval.

UNIVERSITY OF CALIFORNIA

Item 553 from the Capital Outlay Fund for Public Higher Education

Budget p. E 109

Requested 1980-81	\$2,209,000
Recommended reduction	1,769,000
Recommendation pending	440,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Drew/UCLA Program—Completion of Unfinished Space.* 1640
Reduce by \$1,769,000. Recommend deferral of construction funds.
2. *Drew/UCLA Program—Completion of Unfinished Space.* 1640
Withhold recommendation on working drawing amount, pending receipt of additional information.
3. *Drew/UCLA Program—Medical Education Center.* With- 1641
hold recommendation pending receipt additional information.

GENERAL PROGRAM STATEMENT

The projects scheduled under this item would provide physical facilities for the Charles R. Drew Postgraduate Medical School/University of California at Los Angeles joint medical education program.

Since 1972 the UCLA Medical School has had an "affiliation agreement" with Drew. Under the agreement, some UCLA medical students and residents receive a portion of their clinical training at Drew and a number of Drew faculty have nonsalaried faculty appointments at UCLA. The Budget Acts of 1978 and 1979 provided state funds to expand the Drew/UCLA program to allow for the enrollment of up to 24 third-year and 24 fourth-year UCLA students at the Drew School. The initial third-year class is expected to attend Drew in the fall of 1982.

Under the current proposal state support would be requested for the third- and fourth-year students, 49.42 faculty FTE and 250 interns and residents. Budget Act language requires that the university ensure that the state funds appropriated are expended solely for the support of such programs. Capital Outlay funds contained in the Budget Act of 1979 are available with the stipulation that the University of California require transfer to the university of title to (or other interest in) any facilities built with state funds, to the extent of the funds appropriated.

The contractual agreement, dated July 26, 1978, between the University of California and the Drew Postgraduate Medical School stipulates, among other conditions, that the admission process to the Drew/UCLA program

UNIVERSITY OF CALIFORNIA—Continued

will begin after specific requirements are met concerning:

- Appointment of department chairpersons;
- Appointment of section chiefs;
- Faculty appointments;
- Review and approval of curriculum proposals;
- Review and approval of an admissions policy;
- Joint UCLA/Drew review of the operation of King Hospital as part of the instruction involved in the program;
- Receipt of state budgetary support which both parties agree is adequate for a successful program;
- Receipt of reasonable assurances from the County of Los Angeles that the county will continue to provide adequate support for the King Hospital and its professional staff.

At this time, the requirements have not been met and the university has not requested release of state funds appropriated in the Budget Act of 1979. In addition, there has been no agreement between the university and the Drew School that would satisfy the language in the Budget Act of 1979 pertaining to the capital outlay appropriation.

ANALYSIS AND RECOMMENDATIONS

The budget includes \$2,209,000 for two capital improvement projects for the Drew/UCLA Undergraduate Medical Education Program. Budget language is included under each project requiring transfer of title or other interest to the university before any of the funds may be encumbered.

Completion of Unfinished Space—Los Angeles County Building

We recommend that construction funds under Item 553(1), working drawings and construct, completion of third floor unfinished space for clinical sciences (psychiatric and clinical science building, Martin Luther King, Jr., County General Hospital) be deleted, a reduction of \$1,769,000.

Further, we withhold recommendation on the working drawing amount, pending receipt of additional information.

This proposal would alter 20,110 assignable square feet (ASF) on the third floor of the Los Angeles County Psychiatric and Clinical Science Building, which is presently under construction adjacent to the Martin Luther King, Jr., County General Hospital. The Budget Act of 1979 included \$81,000 for the development of preliminary plans for completion of the unfinished space in this building. The funds have not been used because (1) the specific requirements within the contractual agreement between the university and Drew have not been satisfied and (2) Drew and the County of Los Angeles have not reached agreement on a long-term lease for the space.

The project as currently proposed has been modified from the project approved in the Budget Act of 1979. The differences are summarized below:

	<i>Program (asf)</i>	
	<i>1979-80</i>	<i>1980-81</i>
Laboratories	21,900	10,950
Support space	4,850	4,350
Administration	—	1,430
Faculty offices	4,980	3,380
Classrooms	2,340	—
Totals	34,070	20,110

The classroom space deleted from the 1979-80 program is now proposed to be included in the medical education center—Item 553(2). It is our understanding that the remaining 13,960 asf of unfinished space will be modified using nonstate funds to provide additional research laboratories.

We recommend deletion of the requested construction funds because:

- Preliminary architectural planning has not been accomplished and the adequacy of the requested contruction amount cannot be substantiated.
- Project information provided by the university indicates that a building committee has been established jointly by Drew and UCLA to develop more definitive program requirements to be incorporated into the preliminary plans. Thus, the scope of the proposed project is uncertain.
- A lease agreement between Drew and the County of Los Angeles has not been approved. Consequently, it would be premature to invest state funds in the county building.
- An agreement transferring title or other interest in state assisted facilities or equipment to the university has not been reached. Such an agreement should be available for legislative review before additional funds are appropriated.

Based on the status of the alterations project, it is extremely unlikely that construction could begin in the budget year. For this and the other reasons noted above, we recommend deferral of the proposed construction funding. This should not delay implementation of the Drew/UCLA Undergraduate Medical Education Program because the unfinished space should still be available by fall 1982 when the initial third-year class is expected to enroll at the Drew site.

To maintain the project schedule and assure completion of the space by fall 1982, working drawing funds should be included in the Budget Bill. We withhold recommendation on the working drawing amount pending receipt of definitive information on the scope of the project, the status of a lease agreement between Drew and the County of Los Angeles, and status of the agreement transferring title of other interests in state-assisted facilities to the university. This information should be available prior to budget hearings.

Medical Education Center

We withhold recommendation on Item 553(2), preliminary plans and working drawings for medical education center, pending receipt of additional information.

The proposed medical education center represents the first permanent Drew educational facility, and would contain approximately 34,820 asf.

UNIVERSITY OF CALIFORNIA—Continued

The Budget Bill contains \$331,000 for preliminary plans and working drawings. Estimated costs for construction and equipment total \$5,811,000. State funds will be requested to cover the entire project cost.

The center will provide space for administration (9,940 asf), faculty offices (5,760 asf), educational support (7,470 asf), library (7,000 asf), and classrooms (4,650 asf). Our analysis of the proposal indicates that the amount of requested library/classroom space and the estimated construction costs of \$134 per asf are excessive. Based on the University of California space guidelines for health science facilities and in comparison to a similar request for the University of California Irvine Medical Center, the proposed library and classroom space is too large by 1,400 asf and 2,250 asf, respectively. If the project is approved, we recommend that these areas be reduced accordingly. In addition, utilizing state cost guide-lines for similar space the construction costs should not exceed \$110.60 per asf, or \$3,447,000. On this basis the preliminary plan and working drawing amount should be \$245,000. Consequently, if the project is approved, we recommend that the Budget Bill amount be reduced by \$86,000.

In any case, we withhold recommendation on the proposal pending receipt of the Drew long-range development plan for physical facilities. The Budget Act of 1979 provided \$475,000 for planning—a portion of which was to develop the Drew long-range development plan. Until this plan is available, the appropriateness of the proposed building and its relationship to other Drew facility needs cannot be determined. Further, the site location and ownership of the property is not known and should be available prior to legislative consideration of the Budget Bill amount. It is also our understanding that an Environmental Impact Report has not been developed for either the long-range development plan or the medical education center. Until this essential information is available, we have no basis for recommending approval. Accordingly, we withhold recommendation, pending receipt of necessary information.

UNIVERSITY OF CALIFORNIA

Item 554 from the Energy and
Resources Fund^a

Budget p. Budget p. E 104

a. Nonexistent fund—contingent on passage of legislation.

Requested 1980-81	\$758,000
Recommended reduction	158,000
Recommendation pending	600,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Fund Source. Recommend that projects approved under this item be funded from the Capital Outlay Fund for Public Higher Education. 1643
2. *Berkeley. Ventilation Energy Conservation. Reduce by 1644*

- \$30,000. Recommend deletion of preliminary planning funds.
3. *Berkeley. Campus Energy Conservation. Reduce by \$12,000.* 1644
Recommend deletion of preliminary planning funds.
4. *San Diego. Energy Conservation Improvements, Step 2.* 1644
Reduce by \$5,000. Recommend deletion of preliminary planning funds.
5. *San Diego. Conservation Measures, Exterior Lighting Systems. Reduce by \$5,000.* 1644
Recommend deletion of preliminary planning funds.
6. *San Francisco. Energy Conservation Step 1. Reduce by \$65,000.* 1644
Recommend deletion of preliminary planning and working drawing funds.
7. *San Francisco. Energy Conservation, Step 2. Reduce by \$25,000.* 1644
Recommend deletion of preliminary plans.
8. *Santa Barbara. Energy Conservation Step 4. Reduce by \$16,000.* 1644
Recommend deletion of preliminary planning funds.
9. Santa Cruz. Withhold recommendation of preliminary 1645
plans, working drawings and construction—energy conser-
vation step 1.

ANALYSIS AND RECOMMENDATIONS

This item contains \$758,000 for eight projects related to energy conservation at five campuses. The funds for this item would come from a nonexistent source—the Energy and Resources Fund. Thus, if the projects are approved as proposed, they could not be undertaken until the Energy and Resources Fund is created by the Legislature.

Change Fund Source

We recommend the projects approved under this item be funded from the Capital Outlay Fund for Public Higher Education (COFPHE) rather than the nonexistent Energy and Resources Fund.

The Governor is proposing to redirect a portion of the state tidelands oil revenues which under current law would be deposited in the COFPHE. Current law specifies certain allocations (approximately \$40 million annually) from tidelands oil revenue with any remaining amounts to be deposited in the COFPHE. The proposed redirection of the remaining amounts (now the COFPHE revenue) will result in one-third of the revenue being deposited in the COFPHE, one-third in the proposed Energy and Resource Fund and one-third in the General Fund.

We have recommended in the Summary of the Budget Bill Capital Outlay Program that legislation be enacted to either deposit all of these revenues directly in the General Fund or allow revenues in the COFPHE to be used to fund the capital outlay needs of General Fund agencies. Pending enactment of such legislation, we have recommended that the Legislature adopt budget language allocating the revenues to specific projects before these revenues are deposited in the COFPHE.

In any case, the amounts in the COFPHE are adequate to provide for the capital outlay program in higher education, including energy conser-

UNIVERSITY OF CALIFORNIA—Continued

vation proposals. The COFPHE will have a \$680.9 million surplus available for appropriation in 1980-81. Based on the Governor's proposed appropriations from the COFPHE and assuming redirection of two-thirds of the oil revenue, the surplus in the COFPHE on June 30, 1981 would be \$356.7 million. If oil revenues are not redirected, the surplus in the COFPHE would be \$633 million on June 30, 1981. Consequently, we see no reason to fund capital outlay projects in higher education from funds other than the COFPHE.

Proposed Projects

A summary of the projects included under this item and our recommendation for each is shown in Table 1.

Table 1
University of California
Energy Conservation Projects

Item	Project Title	Phase ^a	Campus	Budget Bill Amount	Analyst's Proposal	Estimated Future Cost ^b
554(1)	Ventilation energy conservation.....	p	Berkeley	\$30,000	-0-	unknown
554(2)	Campus energy conservation (air circulation)	p	Berkeley	12,000	-0-	\$260,000
554(3)	Energy conservation improvements, Step 2 ..	p	San Diego	5,000	-0-	187,000
554(4)	Conservation measures— exterior lighting systems	p	San Diego	5,000	-0-	unknown
554(5)	Energy conservation Step 1	pw	San Francisco	65,000	-0-	735,000
554(6)	Energy conservation Step 2	p	San Francisco	25,000	-0-	720,000
554(7)	Energy conservation Step 4	p	Santa Barbara	16,000	-0-	419,000
554(8)	Energy conservation Step 1	pwc	Santa Cruz	600,000	pending	-0-
Totals				\$758,000	-0-	

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

^b University estimate.

Inadequate Project Information

We recommend deletion of Items 554(1) through 554(7), because project information has either not been developed or is inadequate, a reduction of \$158,000.

Items 554(1) through 554(7), excluding Item 554(5), are requests for preliminary plans for energy-related projects for which no definitive proposal has been developed. These requests are premature because specific energy conservation measures have not been identified, and therefore an analysis of the projected energy savings and associated implementation costs have not been conducted.

Item 554(5), preliminary plans and working drawings for an energy conservation proposal at the San Francisco campus, includes a significant reduction (50 percent) in air ventilation rates in laboratory areas, modifi-

cation to steam lines and installation of a cogeneration system.

The *ventilation* systems in the laboratories were designed to meet health and safety code requirements. Modifications of these systems must be carefully assessed to assure that any reductions in ventilation will not result in toxic fumes accumulating in the laboratory area. Before funds are provided for such modifications, the university should thoroughly study the reduced ventilation rates and certify that the reduced rates will not pose a health hazard.

The proposed modifications to the *steam line* are estimated to cost \$43,500. A project of this nature, if a high priority, could be funded through the university's minor capital improvement program, for which \$5 million is proposed under Item 550.

The request for *cogeneration* entails the *generation of electricity parallel* with the Pacific Gas and Electric Company System. Implementation of this proposal requires specific agreements with Pacific Gas and Electric Company and the Public Utilities Commission. These agreements and any resulting costs should be identified before funds are provided for this portion of the request. A similar project at the Davis campus funded in 1975, and considered to be a pilot cogeneration project, has been completed but has not been turned on because the university has encountered difficulties in reaching agreement with Pacific Gas and Electric Company. Further, the university's estimated costs and anticipated energy savings related to the San Francisco Project have not been substantiated.

Item 549(1) provides \$100,000 which can be used for development of benefit/cost analyses of planning alternatives for capital outlay projects. These funds could be utilized to accomplish the evaluations required for the above seven projects. However, the need for these funds has not been justified, and we recommend deletion.

Santa Cruz—Energy Conservation

We withhold recommendation on Item 554(8), preliminary plans, working drawings and construct energy conservation, step 1, pending receipt of additional information.

This \$600,000 energy conservation proposal is based on a study conducted by the Santa Cruz campus staff. The project would retrofit heating, ventilating/cooling systems and lighting. The work would include modifying temperature control systems, connection of equipment to the existing central control system, insulation and weather stripping and replacing existing 40 watt fluorescent lamps with 35 watt lamps.

The university has indicated that portions of the requested work have already been accomplished by university staff. Furthermore, the university is reevaluating and recalculating energy savings associated with other aspects of the proposal. We withhold recommendation, pending receipt of information regarding the work already accomplished and the reevaluation of the energy savings.

UNIVERSITY OF CALIFORNIA

Item 555 from Regents' Reserve
Account

Budget p. E 110

Requested 1980-81	\$330,000
Recommendation pending	330,000

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation pending receipt of additional information.

This proposal—\$330,000 from the Regents' Reserve Account—will make necessary improvements to a warehouse recently acquired by the university. The warehouse, located in Oyster Point, South San Francisco, was purchased by the university using a portion of the proceeds from the sale of the Richmond storage facility. The Oyster Point building will be used for the San Francisco campus storage needs that will no longer be met by the Richmond facility.

In November 1978, the university sold the Richmond facility to the Richmond Development Agency for \$7.55 million, which included a \$2.25 million downpayment and the balance payable in 30 annual payments plus 8 percent interest on the unpaid balance. The university used a portion of the proceeds from this sale to purchase the Oyster Point facility and a building in the City of Oakland. Because the Richmond facility was purchased by the state, the Legislature included language in the Budget Act of 1979 requiring the university to deposit \$1,202,146 from the cash downpayment and all funds in excess of \$343,936 annually into a separate account to be used to offset future state supportable capital outlay costs when appropriated by the Legislature. The funds proposed under this item represent the first requested appropriation from the separate account.

The work included in this project would provide improvements (such as interior partitions, electrical modifications, fire protection, etc.) to adapt the Oyster Point facility to the San Francisco campus storage requirements. The university is preparing the necessary preliminary plans and cost estimates to substantiate the requested amounts. We withhold recommendation, pending receipt of the information.

UNIVERSITY OF CALIFORNIA

Item 556 from federal funds	Budget p. E 104
Requested 1980-81	\$1,848,000
Recommended reduction	1,848,000

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of Item 556.

This item contains \$1,848,000 from federal fund sources for 10 projects. The item includes budget language specifying that the amount constitutes federal funds as defined in Section 8.7. If this language is approved, expenditure of the funds would not require further review by the Legislature.

The projects included under this item consist of nine projects totaling \$1,780,000 at Lawrence Berkeley laboratory and a \$68,000 project for the San Diego Health Sciences. We have not received any detailed information regarding the proposed projects.

It is our understanding that there are no potential state costs in the event a project cost exceeds the indicated amount of federal funds. In addition, legislative approval or disapproval of the subject projects will have no impact on the undertaking of the individual projects or the expenditure of the federal funds. On this basis, the inclusion of this item in the budget is superfluous and we recommend its deletion.

HASTINGS COLLEGE OF THE LAW

Item 557 from the Capital Outlay Fund for Public Higher Education	Budget p. E 115
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Requested 1980-81	\$776,000
Recommended approval	697,100
Recommended reduction	78,900

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. *Equip—Alterations to Existing Building. Reduce by 1648 \$78,900.* Recommend deletion of funds for various equipment items.

ANALYSIS AND RECOMMENDATIONS

The capital outlay program for Hastings College of the Law contains one construction project and two equipment requests. The entire program is related to the new academic facilities building currently under construction and scheduled for occupancy in the summer of 1980.

HASTINGS COLLEGE OF THE LAW—Continued**Alterations—Existing Building**

We recommend approval of Item 557(1), construct—alterations to existing building.

This item provides \$612,000 to alter an existing classroom, add a moot court, provide seven new offices, modify elevators to meet current codes, and finance miscellaneous alterations to accommodate the secondary effects related to construction of the new academic facilities building. Preliminary planning and working drawing funds in the amount of \$41,000 for this project were appropriated in the Budget Act of 1979. Preliminary plans have been completed and working drawings are in progress. Construction could begin in the summer of 1980 immediately after affected functions are moved to the new building. The requested construction amount is reasonable for the work to be accomplished and we recommend approval.

Equip—Alterations to Existing Building

We recommend approval of Item 557(2), equip—alterations to existing building.

This request is for \$60,000 to equip the new space generated by the alterations project. The requested amount includes \$55,200 for television, tape decks, etc., required for the educational program conducted in the moot court, plus \$4,800 for movable acoustical partitions for offices located in an open-office area. The requested equipment funds are within the state cost guidelines and we recommend approval.

Equip—New Building

We recommend that Item 557(3), equip—academic facilities building Phase II, be reduced by \$78,900.

The Budget Act of 1979 provided \$585,000 to purchase equipment necessary to make the new academic facilities building operable. This proposal (\$104,000) is for the second and final phase of equipping the new building. We recommend that the following amounts be deleted from the 1980-81 request:

- \$7,500 for building and library directories. These items should be financed from amounts available in the construction appropriation. The directories are not equipment items. According to our information, adequate funds are available within the contingency amount set aside for construction.
- \$14,565 for conference and lounge furniture for facilities located in the federally-funded nonstate portion of the academic building.
- \$19,000 for lounge furniture in areas for which equipment funds were provided in the 1979 Budget Act appropriation.
- \$33,580 for a new security system. The campus has an existing security system which could be utilized for the new building. The requirement for a new security system is not related to the new building, and it should be funded from the equipment allocation in the support budget if justified.
- \$4,255 for equipment in the micrographics area, for which either

funds were provided in the 1979 Budget Act or equipment is currently on hand.

The total recommended reduction is \$78,900. The remaining \$25,100 would provide technical equipment such as microfilm/microfiche readers for the micrographics area. This equipment was inadvertently overlooked when equipment funds were requested in the 1979-80 budget. The technical equipment is necessary to make the new library facilities fully operable, and we recommend approval of the reduced amount.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 558 from the Capital Outlay Fund for Public Higher Education

Budget p. E 145

Requested 1980-81	\$6,019,500
Recommended approval	5,005,500
Recommended reduction	19,000
Recommendation pending	995,000
Recommended augmentation	244,000
Net recommended approval	\$5,249,500

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Hayward. Withhold recommendation on working drawings and construct modifications to administration building to meet safety code requirements, pending receipt of additional information. 1652
2. San Jose. Reduce by \$19,000. Recommend deletion of working drawings to modify existing elevators to meet safety code requirements. 1653
3. San Francisco. Recommend project to modify existing elevators to meet safety code requirements be changed by (1) eliminating previously funded work and (2) incorporating work to make the elevators accessible to and usable by the physically handicapped. 1653
4. Fullerton. Withhold recommendation on working drawings—modify flammable storage area, science building to meet Fire Marshal requirements, pending receipt of additional information. 1653
5. Fullerton. Augment by \$6,000. Increase working drawing funds—elevator seismic safety, to provide for modifications to make the elevators accessible to and usable by the physically handicapped. 1654
6. Long Beach. Withhold recommendation on working drawings and construct underground electrical distribution systems, pending receipt of additional information. 1655
7. San Diego. Augment by \$210,000. Recommend construc- 1656

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

- tion amount be increased for old library addition conversion to provide necessary funds based on revised estimate.
8. *San Francisco*. *Augment by \$23,000*. Recommend construction funds be increased for relocation of computer center to old administration building to reflect revised cost estimate. 1657
9. Fullerton. Withhold recommendation on preliminary plans and working drawings for library conversion, pending receipt of additional information. 1657
10. *Los Angeles*. *Augment by \$5,000*. Recommend increasing working drawing funds for computer facility to provide relocation and consolidation of computer facilities and associated staff. 1657

ANALYSIS AND RECOMMENDATIONS

The California State University and Colleges (CSUC) capital outlay program in the 1980-81 Budget Bill totals \$11,625,500 under four items. A summary of the program is shown in Table 1.

Table 1
California State University and Colleges
Summary of Capital Outlay Program
in 1980-81 Budget Bill

Item	Budget Bill Amount	Fund ^a	Analysis Page
558.....	\$6,019,500	COFPHE	1,649
559.....	500,000	COFPHE	1,658
560.....	3,500,000	COFPHE	1,660
561.....	<u>1,606,000</u>	ERF	1,662
Total.....	<u>\$11,625,500</u>		

^a COFPHE—Capital Outlay Fund for Public Higher Education
 ERF—Governor's proposed Energy and Resources Fund.

The projects scheduled under the \$1,606,000 in Item 561 are contingent upon passage of legislation creating the Energy and Resources Fund.

Supplemental Report of 1979 Budget Bill

The Supplemental Report of the Committee of Conference on the 1979 Budget Bill requested the Chancellor's office to reevaluate its methods for establishing categories and criteria used for setting capital outlay project priorities, and to revise such methods to assure that the resulting priorities adequately address the systemwide capital improvement needs. The Chancellor's office was to report to the Legislature by November 1, 1979. On November 21, 1979, the Chancellor's office advised the Legislature that staff was still working on a reevaluation and that the required report should be submitted by November 30, 1979. The Legislature was further advised that the proposed categories and criteria would be presented to the Board of Trustees for its approval at the Board's scheduled January 22-23, 1980 meeting. We intend to provide a supplemental analysis on the subject report when it is received.

1980-81 Capital Improvement Program

The Trustees' request for 1980-81 included 52 projects totaling \$28,430,000 with an estimated future cost of \$35,388,000. This request was based on unrevised categories and criteria. The Chancellor's office has indicated that any revisions in the categories and criteria approved by the Board of Trustees will be used for the 1981-82 program.

Proposals Under Item 558

Item 558, which is discussed here, contains \$6,019,500 for 17 capital improvement proposals. For legislative review purposes we have separated the proposals into five descriptive categories. These categories and our recommendations for the individual projects follow.

A. Statewide Planning

We recommend approval of Item 558(1), architectural and engineering planning and studies and Item 558(2), preliminary planning—1981-82 projects.

This category includes two systemwide elements—architectural and engineering planning and studies (\$150,000) and preliminary planning—1980-81 projects (\$125,000).

Architectural and Engineering Planning and Studies. This element would provide for continued campus master planning, consultant services and technical studies. The funds will be distributed by the Chancellor's office to the campuses based upon priority needs.

In the Supplemental Report of the 1976 Budget Act, the Legislature directed the Seismic Safety Commission to conduct a study that could be used to establish criteria upon which the statewide need and benefit of upgrading the seismic resistivity in state-owned buildings could be determined on a priority basis. The study has been completed and the commission has developed a methodology which would establish priorities based on life saving potential. The next step in providing the information necessary for the Legislature to assess the statewide needs in this area is to identify statewide building seismic reconstruction needs.

In our analysis of the commission's budget, we have recommended that the commission *conduct a comprehensive seismic evaluation of state-owned buildings*. If the program is funded by the Legislature, the commission will be requesting basic building data (such as age, construction, occupancy, etc.) for state-owned buildings. A portion of the funds provided for architectural and engineering planning and studies should be used for obtaining the necessary building data.

Preliminary Planning—1981-82 Projects. This element provides \$125,000, of which a maximum of \$30,000 would be available July 1, 1980 for utility and site development projects. The remaining \$95,000 would be available for development of preliminary plans for working drawings and/or working drawing/construction projects which are included in the Governor's 1980-81 Budget. This funding mechanism has been utilized since the Budget Act of 1975, and it represents an effort to improve project programming and expedite approved projects. The proposed level of funding will support planning for approximately \$8.5 million in construc-

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

tion. A planning program of this magnitude is reasonable.

B. Projects to Correct Code Deficiencies

A summary of the five projects in this category and our recommendations for each is provided in Table 2.

Table 2
California State University and Colleges
Projects to Correct Code Deficiencies

Item	Project Title	Phase ^a	Campus	Budget Bill Amount	Analyst's Proposal	Estimated Future Cost ^b
558(3)	Modifications to administration building—safety code requirements.....	wc	Hayward	\$188,000	Pending	-0-
558(4)	Modify existing elevators—safety code requirements.....	w	San Jose	19,000	-0-	\$348,000
558(5)	Modify existing elevators—safety code requirements.....	w	San Francisco	10,000	\$10,000	227,000
558(6)	Modify flammable storage area, science building—Fire Marshal requirement	w	Fullerton	8,000	Pending	228,000
558(7)	Modifications, science building—safety code requirements.....	w	Long Beach	42,000	42,000	777,000
558(8)	Elevator seismic safety	w	Fullerton	10,000	16,000	162,000
Totals				\$277,000	\$68,000	\$1,742,000

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

^b CSUC estimate.

Hayward

We withhold recommendation on Item 558(3), working drawings and construct modifications to administration building to meet safety code requirements, pending receipt of additional information.

The Hayward State University Administration Building is a multi-storyed structure exceeding 150 feet in height. It is therefore subject to the State Fire Marshal regulation governing "high-rise" buildings. The State Fire Marshal has surveyed the building and has identified several conditions that must be corrected if the building is to comply with the subject regulations. These include installation of a voice notification system, modification of mechanical ventilation systems, installation of sensing devices for elevators and exiting signs. In accordance with the California Health and Safety Code, the Fire Marshal has indicated that the administration building must be brought into compliance by April 1981.

The work proposed is necessary. However, the estimated construction cost is based on limited information. The Chancellor's office has indicated that additional information based on engineering drawings will be available in March 1980. We withhold our recommendation on the adequacy of the requested amount pending receipt of this information.

San Jose

We recommend deletion of Item 558(4), working drawings to modify existing elevators to meet safety code requirements, a reduction of \$19,000.

This proposal is to modify existing elevators to comply with elevator safety orders with regard to seismic safety and fire and other emergency conditions. The information submitted for this project does not identify the elevators requiring corrective work, the proposed corrective measures or the basis for the cost estimate. Consequently, we have no data upon which to recommend approval of this proposal.

San Francisco

We recommend that Item 558(5), working drawings to modify existing elevators to meet safety code requirements, be changed by (1) eliminating previously funded work and (2) incorporating work to make the elevators accessible to and usable by the physically handicapped.

This project will bring all elevators on the San Francisco campus into compliance with code requirements governing seismic safety and fire/emergency services. The proposed work includes modifications to elevators in the biological science and physical science buildings. This work was funded under Item 485(6), Budget Act of 1979, and should be deleted from the current proposal. In addition, the campus has indicated that the 18 elevators included in this project are not accessible to or usable by the physically handicapped. We recommend that the project scope be changed to include work to make these elevators accessible to and usable by the physically handicapped. The cost related to the previously funded and the proposed additional work is nearly the same. Consequently, the requested amount for working drawings should be adequate for the revised project.

Fullerton

We withhold recommendation on Item 558(6), working drawings—modify flammable storage area, science building to meet Fire Marshal requirements, pending additional information.

This proposal is to improve storage facilities for hazardous chemicals and materials located in various storage and instructional areas in the science building. The improvements are to meet State Fire Marshal code regulations. The University has advised us that the Fire Marshal has been requested to review and recommend the need for the modifications proposed. The Fire Marshal's report should be available prior to budget hearings, and we withhold recommendation pending review of that report.

Long Beach

We recommend approval of Item 558(7), working drawings, modifications to science building to meet safety code requirements.

This request is for \$42,000 to prepare working drawings and specifications to make improvements to the science building required by the Health and Safety Code. The work includes upgrading the heating and ventilating system with an energy-efficient system providing adequate air

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

circulation capacity to assure that toxic chemical fumes will be safely exhausted. This work will also renovate two organic chemistry labs to meet code requirements, and make other minor modifications such as adding emergency eye wash and safety showers.

Fullerton

We recommend that Item 558(8), working drawings—elevator seismic safety be augmented by \$6,000 to provide for modifications to make the elevators accessible to and usable by the physically handicapped.

The Governor's Budget includes working drawings for a project to modify 20 campus elevators to insure compliance with seismic safety code regulations. In addition, the campus has advised us that the subject elevators are not accessible to or usable by the physically handicapped. We recommend that the necessary modifications such as installing handrails, remounting operating buttons to the proper height, adding braille and arabic tags and audible signals be included in the scope of this project. The working drawing cost associated with this change is \$6,000, and the estimated future cost would be \$268,000 rather than \$162,000. In addition, the Chancellor's office schedule for this project indicates that engineering plans are to be completed by April 1980 and that construction could start in November 1980. We recommend that the Chancellor's office expedite the provision of adequate design and cost information in order to substantiate a construction amount for the 1980 Budget Bill.

C. Equipment Projects

We recommend approval.

The three requests in this category and our recommendations for each are contained in Table 3.

Table 3
California State University and Colleges
Item 558, Equipment Projects

Item	Project Title	Campus	Budget Bill Amount	Analyst's Proposal	Estimated Future Cost ^a
558(10)	Science basement conversion	Fullerton	\$27,700	\$27,700	\$-0-
558(11)	Robert F. Kennedy Library	San Luis Obispo	1,231,800	1,231,800	-0-
558(12)	Convert science III	San Luis Obispo	325,000	325,000	-0-
	Totals		\$1,584,500	\$1,584,500	\$-0-

^a CSUC estimate.

The three proposals will provide equipment for new and converted facilities at three campuses. Each of the proposals represents equipment necessary to make the new or converted facilities functional. The requested amounts are within state cost guidelines for the various functions housed in each facility.

D. General Capital Improvement Projects

This category includes six projects contained in the Budget Bill—one utility, four alterations and one proposal for a new facility. A summary of the various projects and our recommendations for each are shown in Table 4.

Table 4
California State University and Colleges
Item 558, General Capital Improvement Projects

Item	Project Title	Phase ^a	Campus	Budget Bill Amount	Analyst's Proposal	Estimated Future Cost ^b
558(9)	Underground electrical distribution system.....	wc	Long Beach	\$713,000	Pending	\$-0-
558(13)	Faculty office building	pw	Pomona	165,000	165,000	\$3,160,000
558(14)	Old library addition conversion	c	San Diego	2,708	2,918,000	304,000
558(15)	Relocate computer center to old administration building	c	San Francisco	196,000	219,000	-0-
558(16)	Library conversion.....	pw	Fullerton	86,000	Pending	1,751,000
558(17)	Computer facility	w	Los Angeles	15,000	20,000	317,000
Totals				\$3,883,000	\$3,322,000	\$5,532,000

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

^b CSUC estimate.

Long Beach

We withhold recommendation on Item 558(9), working drawings and construct underground electrical distribution system, pending receipt of additional information.

This request for \$713,000 is to upgrade the Long Beach State University underground electrical distribution system. The existing system does not have the capability to serve electrical power from two directions. Thus, if there is a short circuit or other disruption affecting the electrical cable, major portions of the campus are without electrical power until the problem area is fixed. Such outages have occurred four times since July 1978, resulting in major portions of the campus being without electrical power for a total of 23 days. The proposed upgrade will provide a "loop" distribution system with transfer switches at each building. Under this system each building affected by a power disruption can be switched to the active portion of the electrical loop. A "loop" electrical distribution system of this type is a common installation at newer campuses, and we recommend the proposed upgrade.

The requested amount is based on an engineering consultant's description of the work to be accomplished. Adequate details of the necessary work have not been developed, and the adequacy of the requested amount cannot be substantiated. The Chancellor's office has indicated that additional information should be available in March 1980. Consequently, we withhold our recommendation pending receipt of this information.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued**Pomona**

We recommend approval of Item 558(13), preliminary plans and working drawings—faculty office building.

This request is for \$165,000 to prepare architectural/engineering drawings and specifications for the construction of a 35,700 gross square feet (gsf) faculty office building at California State Polytechnic University, Pomona. The building will contain 120 faculty offices, 8 offices and associated space for department chairman, and office space for the EOP Director and staff. The new facilities would replace faculty and staff offices located in temporary trailers. The trailers were acquired in 1969 and 1970 and are near the end of their usable life.

Current enrollment projections indicate that the Pomona campus will reach a peak enrollment of 11,800 FTE students in 1983-84, with a slight decline and stabilized enrollment thereafter of 11,700 FTE. Based on this population projection, the proposed permanent faculty office building is justified. The Chancellor's office and the Pomona campus staff have indicated that upon completion of the proposed facilities, the temporary trailers will be removed from the campus. The anticipated construction cost of the new facilities is within the CSUC cost guidelines and is reasonable for a facility of this type. On this basis and with the understanding that the temporary trailers will be removed from the campus upon completion of the faculty office building, we recommend approval.

San Diego

We recommend that Item 558(14), construct old library addition conversion, be augmented by \$210,000.

This project would convert approximately 54,100 assignable square feet of vacant space in the old library addition building. The project will provide laboratory space for 221 FTE, graduate research laboratory space and 107 faculty offices. Specialized facilities will be provided for journalism and the Daily Aztec newspaper and public administration. Upon completion of this project and based on current enrollment projections through 1984, all disciplines will be adequately housed in laboratories and lecture space at San Diego State University. In addition, all temporary faculty offices will be demolished and sufficient permanent faculty offices will be available.

The Budget Bill contains \$2,708,000 which includes estimated construction funds plus contract administration and contingencies. Based on recently completed preliminary plans, the amount of funds required in the 1980-81 budget is \$2,918,000—\$210,000 above the Budget Bill proposal. The revised amount includes \$2,666,000 for construction and \$252,000 for contract administration and contingency. The construction cost is well within state cost guidelines for alterations project of this type and we recommend approval of the revised amount. The current project schedule indicates that working drawings will be completed by the end of the current year and construction could begin early in the budget year. Consequently, we recommend approval in the increased amount of \$2,918,000, an augmentation of \$210,000.

San Francisco

We recommend that Item 558(15) construct—relocate computer center to old administration building, be augmented by \$23,000.

This \$196,000 proposal will alter approximately 10,660 assignable square feet in the old administration building to house the hardware, staff and user facilities for the campus computer center. The computer center is currently located in the library basement, and when it is moved, the library space will be returned to library use at a minimal cost.

Working drawing funds in the amount of \$11,000 were provided in the Budget Act of 1979. Preliminary plans have recently been completed, and the estimated cost to complete the project is \$219,000—\$23,000 above the amount included in the Budget Bill. The higher cost is a result of increased air conditioning capacity required for the new computer equipment. The revised cost is reasonable for the type of work to be undertaken, and we recommend approval in the increased amount of \$219,000.

Fullerton

We withhold recommendation on Item 558(16), preliminary plans and working drawings for library conversion, pending receipt of additional information.

This request is for \$86,000 to prepare preliminary plans and working drawings to convert the 47,000 assignable square feet on the second floor and third floor of the library building to permanent library space. The majority of this space currently houses classrooms and faculty offices. The conversion project will result in a loss of 1,233 FTE capacity in classroom space and 46 faculty offices. Based on current enrollment projections, the campus would have 103 percent of its needs in classrooms and faculty offices after completion of the library conversion project. In addition, with the conversion of the 47,000 assignable square feet into permanent library space, the Fullerton campus will have 100 percent of library space needs according to state space guidelines. Thus, the proposal to convert classroom/office space into library space is appropriate. However, the information submitted in support of this conversion does not detail either the type of library space to be provided or the final distribution of library space upon completion of the project. For example, although existing library space is 71 percent of the guideline needs, the existing technical processing and staff areas are 133 percent of guidelines, while student reader stations are at 42 percent. The campus is preparing information outlining the distribution of space on completion of the subject project. Until this is available, we withhold recommendation on the proposal.

Los Angeles

We recommend that Item 558(17), working drawings for computer facility, be augmented by \$5,000.

The \$15,000 proposal in the Budget Bill would provide working drawings to modify approximately 5,425 square feet in the basement of the library for the campus computer center. The facilities to be relocated currently occupy 4,206 square feet in space that is overcrowded, unable to be adequately secured and cannot be expanded because of physical restraints. In accordance with state procedures, a feasibility study report

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

has been prepared by the campus and reviewed by the State Data Processing Management Office in the Department of Finance. The management office concurs in the need to relocate the computer facilities. The proposed project is in line with the management office approval.

Consolidate All Computer Functions. The administrative offices and programming staff related to the campus computer facilities will not be relocated under the proposed project. This portion of the project, as proposed by the campus, was not approved by the State Data Processing Management Office. Thus, the associated staff will remain dispersed around the campus and separated from the computer facilities. Our analysis indicates that if the campus is to obtain proper operational efficiency and improve supervision, the administrative offices and programming staff should be relocated with the computer facility to the library basement. It is our understanding that the CSUC system will request relocation of these functions as phase II of the project. Consolidation of the computer facilities and associated staff should be accomplished, and we see no benefit in phasing the project. This would only result in increased operational and capital cost. Consequently, we recommend that the project be increased from 5,425 square feet to 8,475 square feet to allow space for the administrative offices and programming staff. This additional space will require \$5,000 more for the working drawing phase and the estimated future cost will be \$364,000 rather than \$317,000.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 559 from the Capital Outlay Fund for Public Higher Education

Budget p. E 145

Requested 1980-81	\$500,000
Recommended approval	500,000
Recommended augmentation	802,600
Net recommended approval	\$1,302,600

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Fullerton. Augment by \$144,000.* Add elevator project to provide accessibility to instructional areas. 1659
2. *Long Beach. Augment by \$514,000.* Add elevator and walk-way project to provide accessibility to instructional areas. 1659
3. *Los Angeles. Augment by \$144,000.* Add elevator for project to provide accessibility to instructional areas. 1659

ANALYSIS AND RECOMMENDATIONS

We recommend that Item 559 be augmented by \$802,600 to provide additional projects to remove architectural barriers to the handicapped at three campuses.

This item includes \$500,000 for projects to remove architectural barriers

to the handicapped at 13 campuses. The proposed program and our recommendations are summarized in Table 1.

Table 1
California State University and Colleges
Program to Remove Architectural Barriers to the Handicapped

Item	Campus	Budget Bill Amount	Analyst's Proposal
559(1).....	Chico	\$90,100	\$90,100
559(2).....	Dominguez Hills	11,500	11,500
559(3).....	Fullerton	7,000	151,000
559(4).....	Hayward	3,500	3,500
559(5).....	Long Beach	72,000	586,000
559(6).....	Los Angeles	28,500	172,500
559(7).....	Northridge	71,500	71,500
559(8).....	Sacramento	16,200	16,200
559(9).....	San Bernardino	18,700	18,700
559(10).....	San Diego	52,000	52,000
559(11).....	San Francisco	22,800	22,800
559(12).....	San Luis Obispo	95,800	95,800
559(13).....	Sonoma	11,000	11,000
Totals		<u>\$500,000</u>	<u>\$1,302,600</u>

The Trustees have established priorities for removal of architectural barriers to the handicapped. The priorities which were developed by the Chancellor's office in consultation with the Statewide Disabled Students Coalition, the Chancellor's Council of Presidents and the Department of Rehabilitation are as follows:

1. Access to the campus as a whole.
2. Access to facilities to meet the basic needs of the physically handicapped.
3. Access to main level of building with high student use.
4. Access to floors above and below main level.
5. Automatic doors and lower drinking fountains.
6. Other barrier projects.

Since 1973, the state has provided \$4.9 million to CSUC for removal of campus architectural barriers to the handicapped. In addition, a federal grant in the amount of \$1,854,000 was received for these purposes. The previous funding has enabled the CSUC to eliminate the accessibility problems in priority categories 1 through 3. The projects proposed in the Budget Bill address accessibility problems in category 4 by modifying existing elevators and providing wheelchair lifts in areas where elevators are impractical. We recommend approval of the projects included in the budget.

Augment—Projects to Provide Elevators to Inaccessible Areas

We recommend that Items 559(3), Item 559(5), and Item 559(6), for projects at Fullerton, Long Beach and Los Angeles, respectively, be augmented by a total of \$802,600.

The CSUC system has identified the need to install elevators to provide access to inaccessible instructional areas at Fullerton, Long Beach and Los Angeles. The campuses have considered the possibility of relocating

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

course offerings from inaccessible to accessible areas and this has been implemented where possible.

Fullerton. The project at Fullerton will provide full access to the physical education building which is the only building on campus with an entire floor that is inaccessible. Course offerings in human performance laboratory and the weight lifting room are located on the second floor and cannot practically be relocated. Handicapped students who use these areas must be carried up and down the stairs. Consequently, we recommend that Item 559(3) be augmented by \$144,000.

Long Beach. This proposal will provide one new elevator and over-head walks in the fine arts complex. Upon completion, the second floor academic areas of five buildings will be accessible to the physically handicapped. The proposal is a cost effective solution when compared with the installation of new elevators at each of the five buildings. We recommend that Item 559(5) be augmented by \$514,000.

Los Angeles. This project will provide an elevator to serve the shower/locker room, first floor classrooms and second floor classrooms and offices in the physical education building. The first floor areas are currently accessible, but the shower/locker rooms in the basement area are inaccessible and the gymnastics, wrestling area and faculty offices on the second floor are inaccessible. Thus, we recommend that Item 559(6) be augmented by \$124,000.

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Item 560 from the Capital Outlay Fund for Public Higher Education

Budget p. E 145

Requested 1980-81	\$3,500,000
Recommended approval	3,500,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. Budget Language Deletion. Withhold recommendation 1660 pending receipt of additional information.

ANALYSIS AND RECOMMENDATIONS

This request is for a lump sum \$3.5 million for minor capital outlay (\$100,000 or less per project) to be allocated by the Chancellor's office to the 19 CSUC campuses. Based on our review of the list of projects submitted by the campuses, the level of funding is reasonable and we recommend approval of this amount.

Budget Language Deleted

We withhold recommendation on the Department of Finance's proposal to delete budget language, pending additional information.

Beginning in the Budget Act of 1978, budget language required the

Chancellor's office to submit to the Department of Finance for approval, a statewide priorities listing of the projects proposed to be funded in the minor capital improvement program. Changes to the approved list were to be reported to the Department of Finance and to the Joint Legislative Budget Committee. A post-audit report on the projects accomplished in the program is also required. The Department of Finance has deleted this language from the 1980 Budget Bill.

The subject budget language has caused an administrative burden that should not be necessary. The language was added, however, because of problems in connection with the minor capital outlay program in previous years. Between 1970 and 1978, the Chancellor's office had the authority to make final decisions with respect to the need for minor capital outlay projects proposed by individual campuses. This gave the Chancellor's office flexibility to meet the changing needs of campuses in a more timely fashion and reduce the administrative effort required in the Department of Finance. A post-audit report was provided to assure that the funds were administered wisely. Based on reviews of the post-audit reports of 1975 through 1977, it appeared that in many cases the funds were not administered wisely and that the Chancellor's method for allocating funds to each campus was inadequate. For example, rather than allocate funds on an identifiable needs basis, the procedures for administering the minor capital outlay program included allocating a lump-sum amount to each campus plus an additional allotment based on campus annual FTE students. There was only minimal project review at the Chancellor's level. This resulted in several cases where campuses were expending minor capital outlay money for (1) nonstate supported functions, (2) items specifically deleted from major capital outlay projects, and (3) phasing projects costing in excess of \$100,000 in an apparent attempt to circumvent review under the capital outlay process.

The Department of Finance and the Chancellor's office staff have indicated that a new procedure will be established to assure proper administration of the minor capital outlay program and to alleviate the current administrative burden. We encourage this effort and anticipate receiving the revised procedures prior to budget hearings. Until this information is available, we withhold our recommendation concerning deletion of the budget language.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 561 from the Energy and
Resources Fund^a

Budget p. E 145

^aNonexistent fund—contingent on passage of legislation.

Requested 1980-81	\$1,606,000
Recommended approval	1,025,000
Recommended reduction	581,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Fund Source.* Recommend funding source be changed to the Capital Outlay Fund for Public Higher Education. 1662
2. *Systemwide—Solar Demonstration Projects. Reduce by \$184,000.* Recommend deletion of preliminary plans and working drawing funds. 1663
3. *Systemwide—Federal project proposals. Reduce by \$82,000.* Recommend deletion of preliminary planning funds. 1664
4. *Northridge—Energy Management System. Reduce by \$315,000.* Recommend providing preliminary plan and working drawing funds and deletion of construction funds. 1664

ANALYSIS AND RECOMMENDATIONS

This item contains \$1,606,000 for four proposals related to energy conservation. Three of the proposals are to be provided on a systemwide basis and one is for the Northridge campus. These proposals would be financed by a nonexistent fund—the Energy and Resources Fund. Thus, if budgeted as proposed, the scheduled projects could not be undertaken unless the Energy and Resource Fund is established by the Legislature.

Change Fund Source

We recommend the projects approved under this item be funded from the Capital Outlay Fund for Public Higher Education (COFPHE), rather than from the nonexistent Energy and Resources Fund.

The Governor is proposing to redirect a portion of the state tideland oil revenues which under current law would be deposited in the COFPHE. This redirection would deposit one-third of the oil revenue in the COFPHE, one-third in the proposed Energy and Resource Fund and one-third in the General Fund. As an alternative, we have recommended in the Summary of the Budget Bill Capital Outlay Program that legislation be enacted to either deposit these revenues directly into the General Fund or to allow these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of such legislation, we have recommended that the Legislature adopt budget language allocating the revenues prior to depositing them into the COFPHE. In any case, the amounts in the COFPHE are adequate to provide capital outlay program for higher education—including energy conservation proposals. The COFPHE will have a \$680.9 million surplus available for appropriation in

1980-81. Based on the Governor's proposed appropriations from the COFPHE and redirection of two-thirds of the oil revenue, the surplus of the COFPHE on June 30, 1981 would be \$356.7 million. If oil revenues are not redirected, the surplus in the COFPHE would be \$633 million on June 30, 1981. Consequently, we see no reason to fund capital outlay projects in higher education from funds other than the COFPHE.

Proposed Systemwide Program

We recommend that Item 561(1) preliminary plans and working drawings for solar demonstration projects for physical education facilities at three campuses (\$184,000) and Item 561(2) preliminary plans for federal energy conservation project proposals (\$82,000), be deleted, a reduction of \$266,000.

Item 561 contains \$1,266,000 for three systemwide proposals. These include energy conservation retrofit of existing buildings, solar "demonstration" projects for physical education facilities at three campuses, plus \$82,000 to develop preliminary plans for federal energy conservation project proposals.

Systemwide—Energy Conservation Retrofit. The \$1 million proposal under Item 561(1) provides preliminary plans, working drawings and construction funds for 21 projects at 12 campuses. The projects have been evaluated and ranked based on project cost, cost avoidance in the first year and the estimated "pay-back" period. The projects range in cost from \$3,500 to install controllers on the electrical system at Sacramento to \$305,000 to modify the central plant at Dominguez Hills. The pay-back for the individual projects ranges from 0.4 years to 2.5 years. The estimated total cost avoidance in the first year after completion of the projects is \$558,000. Based on our analysis of CSUC information, we recommend approval of the requested amount.

The proposed retrofit program is a continuing effort by the CSUC system to conserve energy through administrative action and capital expenditures. According to a CSUC report, the systemwide energy consumption for the months July through October 1979 compared to the same months in 1978 reflects a total energy usage reduction of 12.3 percent on a building gross square foot basis. The CSUC calculates that the cost avoidance related to this reduction equals \$762,415. These results are encouraging, and the system should be commended for the effort to conserve energy.

Solar Demonstration Projects—Physical Education Facilities at Three Campuses. This proposal under Item 561(2) provides \$184,000 to develop preliminary plans and working drawings for solar demonstration projects on physical education facilities at Long Beach, Bakersfield and Hayward campuses. Solar energy panels would be utilized to provide heating/cooling and to process hot water. The Chancellor's office estimates the future cost to be \$2 million. However, the project information developed for the budget is completely inadequate and cannot be used to determine estimated future costs or potential energy savings. Based on information developed by other agencies for similar projects, the potential energy savings versus the funds expended would not place these projects in a high priority. Until adequate information is developed outlining the

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

scope of the project and potential energy savings, there is no basis on which to recommend approval of the request. Consequently, we recommend that Item 561(2) be deleted, a \$184,000 reduction.

Federal Energy Conservation Project Proposals. Item 561(3) provides \$82,000 as a lump-sum allocation to the Chancellor's office to develop preliminary plans for energy-related projects for the purpose of obtaining federal grant funds. We recommend deletion of this request because:

- There is no information regarding the type of energy projects to be developed or how those projects relate to the program presented to the state.
- The adequacy of the requested amount cannot be determined because of the lack of information.
- The availability of federal funds or the potential for obtaining any such funds has not been identified.

Northridge

We recommend that Item 561(4), preliminary plans, working drawings and construct energy management system be reduced by deleting the requested construction amount, a reduction of \$315,000.

This \$340,000 proposal is for the installation of a mini computer central control system to monitor and control the major energy consumption equipment on the Northridge campus. The work includes installation of approximately 260 control points on existing equipment, installation of the central processing unit, building modifications, transmission cable and boiler room alterations. The Chancellor's office calculations indicate that the anticipated cost avoidance, because of reductions in energy consumption, would be \$150,000 in the first year after installation is completed. Projects of this nature can result in significant energy conservation, and the scope of the proposal at Northridge appears reasonable. Based on prior experience with projects of this type, it is doubtful that construction could begin in the budget year. In addition, until more detailed engineering drawings and specifications are developed, the adequacy of the requested construction amount cannot be substantiated. Thus, we recommend that preliminary plans and working drawings funds in the amount of \$25,000 be provided in the budget year.

CALIFORNIA COMMUNITY COLLEGES

Item 562 from the Capital Outlay Fund for Public Higher Education

Budget p. E 178

Requested 1980-81	\$5,806,100
Recommended approval	4,269,200
Recommended reduction	1,536,900

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Budget Language. Recommend modification of budget language to require legislative review, rather than approval, prior to districts expending additional funds. 1667
2. *Santa Monica Community College District, Santa Monica College.* Reduce by \$1,486,500. Recommend deletion of working drawings and construct, remodel old library, student activities and science basement. 1668
3. *Yuba Community College District, Yuba College.* Reduce by \$50,400. Recommend deletion of working drawings construct and equip animal health addition. 1669

GENERAL PROGRAM STATEMENT

The California Community College Capital Outlay Program in the Budget Bill totals \$11,784,200 which is contained in four items. A summary of the program is shown in Table 1.

Table 1
California Community Colleges
Summary of Capital Outlay Program
in 1980-81 Budget Bill

<i>Item</i>	<i>Budget Bill</i>			<i>Analysis Page</i>
	<i>District Share</i>	<i>State Share</i>	<i>State Share Fund Source^a</i>	
562	\$3,977,800	\$5,806,100	COFPHE	1665
563	1,035,000	1,409,100	COFPHE	1671
564	-0-	4,369,000	COFPHE	1672
565	-0-	200,000	ERF	1673
Totals	\$5,012,800	\$11,784,200		

^a COFPHE—Capital Outlay Fund for Public Higher Education.

ERF—Governor's proposed Energy and Resources Fund.

Historically, the state has participated in approved community college capital outlay projects in accordance with a 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.

Prior to the 1975 Budget Act, the entire state share of the Community College Capital Outlay Program was funded from bonds. A proposed bond issue was defeated by the electorate in 1976. Subsequently, the state's share has been funded from remaining bond funds and the Capital Outlay

CALIFORNIA COMMUNITY COLLEGES—Continued

Fund for Public Higher Education (COFPHE). The district's share has generally been raised through local tax overrides, local bonds, or in many cases through the local permissive tax. However, enactment of Proposition 13 has virtually eliminated these local revenue sources.

As shown in Table 1, the Governor's Budget includes two items—Item 562 and Item 563—for which the historic state/district cost sharing participation is continued. However, Item 564 would provide 100 percent state funding for projects proposed by districts which have indicated that there are no local funds available for the projects and Item 565 is a lump-sum appropriation to the Chancellor's office. Under our analysis of Item 564, we have included a detailed discussion of the 100 percent state funding proposal.

ANALYSIS AND RECOMMENDATIONS**Enrollments and Capital Outlay Needs**

In October 1979, the Department of Finance Population Research Unit reported that current enrollment projections for 1983-84 are 7.2 percent lower in enrollment and 5.6 percent lower in weekly student contact hours (WSCH) than reflected in the 1978 capital outlay projections. The current projections, unlike the 1978 projections, take into consideration the effects of Proposition 13. Updated information (December 28, 1979) from the research unit, which is based on preliminary total enrollment figures, places community college statewide fall 1979 enrollment at an estimated 1,270,000. This preliminary figure, which may be revised, represents a 9.5 percent increase over the fall 1978 enrollment of 1,159,819. The fall 1979 figure, however, is 4 percent and 1 percent below the 1977 and 1975 enrollments, respectively. In addition, although the preliminary fall enrollment shows a marked increase over the 1978 enrollment, the research unit's projection for 1979 was 1,261,710—only 0.6 percent less than the preliminary reported figure. Because this projection was so close to the preliminary figure, we have used the research unit's enrollment data in analyzing the community college capital outlay needs. Based on this data, enrollments through 1988 are expected to increase by 11 percent. The rate of weekly student contact hours per enrollee, however, is expected to decline, resulting in an increase in WSCH of only 8.6 percent.

During legislative hearings on the 1979 Budget Bill, various alternatives were discussed for reducing the capital outlay requirements in the community college system. These alternatives included:

- Improve interdistrict coordination of academic programs.
- Maximize interdistrict sharing of physical facilities.
- Utilization of underused high school facilities.

Subsequently, in the Supplemental Report of the 1979 Budget Act the Legislature directed the California Postsecondary Education Commission to evaluate these alternatives and submit its findings and recommendations to the Joint Legislative Budget Committee by November 1, 1979. The commission is evaluating the various alternatives but, because of the complexities of the project, it has not completed the evaluation, and a final report may not be available until the fall of 1980. The commission should,

however, provide a status report and preliminary findings to the Legislature prior to budget hearings.

Budget Bill Language

We recommend modification of budget language to require legislative review rather than approval prior to districts expending additional funds.

The Budget Bill includes \$5,806,100 under Item 562, for projects for which the respective districts have certified that local funds are available to provide the traditional local matching amount. Budget language is included that limits the district participation to the proportionate share based on the state's approved participation. The districts could expend additional district funds if approved by the Department of Finance and the Chairman of the Joint Legislative Budget Committee.

Legislative Counsel has consistently advised that, because of the constitutional separation of power between the administration and Legislature, the Legislature does not have approval power after legislation is passed. Thus, to provide legislative review after the budget is passed, language has generally been included requiring the administration to provide 30 days' advance notification to the Legislature prior to implementing specific aspects of the budget. Accordingly, we recommend modification of the proposed budget language as follows:

"Provided further, that districts eligible to receive funds appropriated by this item agree to limit participation in the specified projects to their proportionate share based on the state's approved participation, unless, prior to approval by the State Public Works Board, the Board of Governors submits to the Department of Finance, for approval, and provides the chairman of the committee in each house which considers appropriations and the Chairman of the Joint Legislative Budget Committee, or his designee, a 30-day review, or such lesser time as the chairman or his designee, may in each instance determine, a request to expend additional district funds; provided further, that this restriction shall apply only to state-supported projects as defined under Section 81802 of the Education Code."

Budget Bill Projects

A summary of the projects proposed in Item 562 and our recommendations for each are shown in Table 2.

Equipment Projects

We recommend approval of Items 562(1) and 562(2).

Equipment requests are proposed for two previously approved projects in two districts—Southwestern College, life science building and Porterville, remodel existing buildings. The requests total \$197,100, of which \$102,800 is from the COFPHE and \$94,300 from district funds. The districts have certified that local funds are available to provide their share of the requests and the amounts included in the bill are within state cost guidelines. Thus, we recommend approval

CALIFORNIA COMMUNITY COLLEGES—Continued

Table 2
California Community Colleges
Item, Capital Improvement Projects
1980-81

Item	District/Project	Phase ^a	Governor's Budget		Analyst's Proposal	
			District Share	State Share	District Share	State Share
562(1)	Sweetwater CCD ^b , Southwestern College/life science building	e	\$46,700	\$86,300	\$46,700	\$86,300
562(2)	Kern CCD, Porterville College/remodel existing buildings	e	47,600	16,500	47,600	16,500
562(3)	Santa Monica CCD, Santa Monica College/remodel old library, student activities and science basement	wc	396,400	1,486,500	—	—
562(4)	Santa Monica College/remodel vocational buildings	wc	85,300	320,000	85,300	320,000
562(5)	Yuba CCD, Yuba College/animal health addition	wce	82,000	50,400	—	—
562(6)	Long Beach CCD, Long Beach City college/library addition	wc	1,276,500	1,894,900	1,276,500	1,894,900
562(7)	Palomar CCD, Palomar College/library building	c	2,043,300	1,951,500	2,043,300	1,951,500
Totals			\$3,977,800	\$5,806,100	\$3,499,400	\$4,269,200

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

^b CCD - Community College District.

New Construction and Alteration Projects**Santa Monica Community College District**

We recommend that Item 562(3), working drawings and construct-remodel old library, student activities and science basement, be deleted, for a savings of \$1,486,500.

Funds are requested to alter the old library on the Santa Monica campus to provide additional facilities for behavioral studies, mathematics, communications and graphic arts departments. The project would alter 14,328 assignable square feet (ASF) for classrooms, laboratories and faculty offices. The need to alter this space as proposed has not been substantiated.

Currently, the campus has 93 percent and 118 percent of its needs in lecture and laboratory space, respectively. Upon completion of the proposed projects, the space in these areas would be at 105 percent and 125 percent of guideline needs, respectively. We recommend that the district reassess the proposed alterations and modify the program to more adequately meet the apparent space shortages on the campus. For example, if the old library is altered as proposed, campus library space would be reduced to 71 percent of formula needs, and media services will be at 44 percent of needs. The apparent space needs in these areas should be addressed in the alterations program.

Santa Monica Community College District

We recommend approval of Item 562(4), working drawings and construct-remodel vocational building.

The budget proposes \$320,000 to alter two vocational buildings that will be vacated upon occupancy of the new business building. The project will alter 6,992 asf for general classrooms and admissions/counseling offices. Upon completion, and based on current enrollments, classroom space will be increased from 93 percent to 95 percent of space guideline needs while laboratories will be decreased from 118 percent to 97 percent of needs. Office space will be at virtually 100 percent of need. The project reflects an economical solution to meet classroom/laboratory and office needs. The requested amount is reasonable for the alteration work and we recommend approval.

Yuba Community College District

We recommend that Item 562(5), working drawings, construct and equip—animal health addition, be deleted, for a savings of \$50,400.

This request provides working drawings, construction and equipment for a 629 asf laboratory addition for the Animal Health Technician Program at Yuba College. The addition would contain 549 asf of laboratory space and an 80 asf office. Based on our analysis of the district's data, this project is not essential.

The technician program currently shares classrooms and laboratory space with life sciences. According to a 1978 accreditation report, the existing space is adequate for the current enrollment of 10-12 students. In addition, the technician program requires 150 hours of work experience in local veterinary practices. The accreditation report indicates that this part of the program is important to its overall development and should continue to be encouraged. The use of community and district facilities should be emphasized, and if possible, the number of participating veterinarians increased. Construction of additional campus facilities, however, appears to go in the opposite direction by deemphasizing the use of local facilities.

The district has also indicated that construction of the addition will allow expansion of the program to 24 students. The need for this expansion is unclear. The first class of technicians graduated in the spring of 1975, and through 1977, 22 students have graduated—an average of about seven per year. Moreover, according to the 1978 accreditation report, the entering class of 1977 totaled 31 but by April of 1978 only four students remained in the program and only two or three of these planned to graduate from the program. The need to provide more space to expand enrollment has not been demonstrated.

In view of the apparent adequacy of the existing laboratory space for existing enrollment coupled with the benefit of using off-campus community facilities we recommend Item 562(5) be deleted, for a savings of \$50,400.

CALIFORNIA COMMUNITY COLLEGES—Continued**Long Beach Community College District**

We recommend approval of Item 562(6), working drawings and construct library addition—Long Beach City College.

The budget proposes \$1,894,900 for construction of a 37,124 asf addition to the Long Beach City College library. The addition contains 29,995 asf of library area and associated offices and 7,129 asf for media services. Available library space on this campus is 37 percent of space guideline needs. The project will more than double current library areas, resulting in an increase to 89 percent of the guidelines. The requested addition is justified and the budget amount is within state costs for library facilities. Consequently, we recommend approval.

Palomar Community College District

We recommend approval of Item 562(7), library building, Palomar College.

This project would provide a 42,618 asf library building at Palomar College. The building would consist of 38,334 asf of library and associated offices plus 4,284 media service and offices. The existing library, which provides 54 percent of current space needs, cannot be expanded sufficiently because of site limitations. Thus, the district proposes construction of a new library building that will provide 100 percent of guideline space needs. Ultimately, the existing library would be altered for admissions, records, counseling and the district computer center.

The 1977 Budget Act included funds for the state's share to develop working drawings for the library. However, after enactment of Proposition 13, the district was unable to proceed into the construction phase. The Chancellor's office has now advised us that under the provisions of Chapter 282, Statutes of 1979 (AB 8), the district will receive, in the current year and budget year, state funds to provide the district match. Chapter 282 provides that in fiscal years 1979-80 and 1980-81, districts are to receive, in addition to apportionments, an amount equal to the permissive tax which was authorized prior to Proposition 13, provided the purpose for which the tax was levied has not been fulfilled prior to July 1, 1980. The Chancellor's office has indicated that the Palomar district is the only district which qualifies for funds under this provision.

The proposed library space is justified and the budgeted cost is within state cost guidelines. On this basis and with the understanding that the district matching funds are available, we recommend approval.

CALIFORNIA COMMUNITY COLLEGES

Item 563 from the Capital Outlay Fund for Public Higher Education

Budget p. E 178

Requested 1980-81	\$1,409,100
Recommendation pending	1,409,100

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation on Item 563 (projects to remove architectural barriers to the physically handicapped), pending receipt of additional information.

This item contains \$1,409,100 for the state's share of 20 proposals to remove various architectural barriers to the physically handicapped on 20 community college campuses. The total cost for projects under this item is \$2,440,100. The districts' share of the total is \$1,035,000—42 percent. The districts with projects scheduled in this item have certified that district funds are available to provide the districts' share.

The Chancellor's office has established the following priority criteria for removal of architectural barriers to the physically handicapped:

1. Access to the campus site and to facilities on the campus.
2. Access to the main entrance level of buildings with high traffic use.
3. Access to facilities within buildings to meet the basic needs of the physically disabled.
4. Access to floors above and below the entrance level of buildings.
5. All other items not included in categories 1-4.

The priority criteria are similar to those established by the California State University and Colleges system. The work includes installation of walks, curb cuts, handrails, exterior door modifications, modifications to sanitary facilities, replacement of drinking fountains, modification of interior doors, installation of ramps, elevators, etc.

The projects contained in the Budget Bill include corrective work for high priority needs in categories 1 through 4. However, based on our review of the specific projects, it appears that several items may be unnecessary and/or more economical solutions are available. These include modifying existing ramps, replacing existing interior doors, installing automatic doors, etc. We have discussed this with the Chancellor's office staff and preliminary information has been provided on a portion of the program. However, complete information is not yet available on the various proposals. Thus, we withhold recommendation pending further clarification of the work to be accomplished.

CALIFORNIA COMMUNITY COLLEGES

Item 564 from the Capital Outlay Fund for Public Higher Education

Budget p. E 178

Requested 1980-81	\$4,369,000
Recommended reduction	4,369,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. *100 Percent State Funding. Delete Item 564, for a reduction of \$4,369,000.* Recommend deletion of capital outlay program proposed as 100 percent state funded.

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of Item 564, a reduction of \$4,369,000.

This item contains \$4,369,000 which would provide 100 percent state funding to support the 1980-81 Community College Capital Outlay Program for districts that have indicated local funds are unavailable to share in the costs. Budget language is included specifying that:

- The State Public Works Board cannot approve expenditure of the state funds until legislation is enacted to change the historic state/district participation formula.
- The participating districts must agree to limit participation to their proportionate share based on the state's approved participation.
- The district's share could be increased if approved by the Department of Finance and the Chairman of the Joint Legislative Budget Committee.

The budget proposal is a significant deviation from all prior state/district funding mechanisms, and represents a major policy change. Our analysis of the proposal confirms that it would assist districts to finance needed facilities when existing revenues are not adequate to do so. In this way, it would improve educational access within California.

On the other hand, provisions of 100 percent state funding would:

- Increase potential state costs significantly.
- Weaken incentives for controlling district operating costs, by making it unnecessary to generate savings internally to support construction of new facilities.
- Weaken incentives to consolidate districts where student/faculty imbalances exist.
- Weaken incentives to utilize existing facilities such as nearby high schools with excess capacity.
- Jeopardize local control, by making districts even more dependent upon the state.
- Weaken incentives to minimize facilities needs, by eliminating local participation.
- Raise questions of equity as between those districts whose local support is sufficient to provide capital outlay financing and those who do

not enjoy such support.

While we believe the state has an obligation to assist in construction of community college facilities, the basic responsibility for these facilities should continue to rest with the local board. Participation in the financing of these facilities is an integral part of this responsibility. A method of continuing this local control and responsibility would be to give—by constitutional amendment—the local electorate the authority to temporarily increase local property taxes in order to amortize the cost of needed facilities in their communities. At the present time, they do not have this opportunity. This is more desirable than further state intervention, and would assure that the local citizenry would maintain the responsibility for local improvements within the respective districts.

Based on these considerations, we recommend that this item be deleted and that local districts be required to provide a portion of the costs of their projects.

CALIFORNIA COMMUNITY COLLEGES

Item 565 from the Energy and Resources Fund^a

Budget p. E 178

^a Nonexistent fund-contingent on passage of legislation.

Requested 1980-81	\$200,000
Recommended reduction	200,000

ANALYSIS AND RECOMMENDATIONS

We recommend that Item 565, project programming and preliminary planning—energy conservation projects, be deleted, for a \$200,000 savings.

This proposal would provide \$200,000 to be allocated by the Chancellor's office to various districts for energy conservation projects. According to Budget Bill language, the Chancellor's office, prior to allocation of the funds, would have to submit to the Department of Finance, for approval, a statewide priority listing of the projects proposed to be funded in the 1981-82 Governor's Budget. Funding for this program is proposed from the nonexistent Energy and Resources Fund. Consequently, the program could not proceed unless legislation is enacted creating the Energy and Resources Fund.

As we have indicated throughout our analysis of capital outlay for higher education, there are adequate funds in the Capital Outlay Fund for Public Higher Education (COFPHE) to provide for the capital outlay program in higher education—including energy conservation proposals. Our analysis fails to identify any reason for funding capital outlay projects in higher education from sources other than the COFPHE.

In any case, there is no information regarding the proposal under this item. In fact, a request of this nature was not included in the proposed 1980-81 Capital Outlay Program for the California Community Colleges as approved by the Board of Governors on December 7, 1979. In addition,

CALIFORNIA COMMUNITY COLLEGES —Continued

the Lawrence Berkeley Laboratory, University of California, Berkeley, has developed an energy handbook to help the various community colleges assess and improve the energy efficiency of community college facilities. This handbook, entitled "*Energy Management—A Program of Energy Conservation for the Community College Facility*," provides a method which each community college can use to systematically consider and implement effective energy saving practices. By using this handbook, the various districts can identify areas for conserving energy and, if appropriate, prepare and submit energy conservation capital improvement projects along with other capital outlay requests.

In view of the lack of information regarding the budget proposal and because the districts can and should integrate energy conservation capital improvement projects in priority with other capital outlay requests, we recommend deletion of Item 565.

DEPARTMENT OF CORRECTIONS

Item 566 from the General Fund

Budget p. YAC 24

Requested 1980-81	\$27,899,203
Recommended approval	2,594,331
Recommended reduction	23,839,872
Recommendation pending	1,465,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. Capital Outlay Funding Source. We recommend that capital outlay projects for the Department of Corrections be funded from state tidelands oil revenue. 1675
2. *Land Acquisition—Correctional Training Facility, Soledad.* Reduce by \$66,000. Recommend deletion of proposed land acquisition. 1676
3. *Conversion of Warehouse—Correctional Training Facility, Soledad.* Reduce by \$250,000. Recommend deletion of preliminary plans and working drawings. 1676
4. *Special Housing Unit—Deuel Vocational Institute and San Quentin State Prison.* Reduce by \$1,346,400. Recommend that project planning be expedited and that construction be completed in the current year. 1677
5. *Sewage Treatment Modifications—Deuel Vocational Institute, Tracy.* Reduce by \$150,100. Recommend deletion of proposed project. 1678
6. Replace Water Lines—California State Prison, Folsom. Withhold recommendation pending receipt of preliminary plans. 1678
7. Remodel Sewage Plant—California Institute for Men. 1678

- Chino. Withhold recommendation on proposed construction funds pending receipt of preliminary plans.
8. *Sewage Treatment Plant—California Medical Facility, Vacaville. Reduce by \$204,000.* Recommend proposed financial participation be reduced. 1679
9. *Rehabilitate Sewage System—California Men's Colony, San Luis Obispo. Reduce by \$324,200.* Recommend deletion of project. 1680
10. *Upgrade Internal Security Control and Upgrade Minimum Security Housing—San Quentin State Prison. Reduce by \$671,372.* Recommend deletion of proposed funds. Further recommend construction of project begin in the current year. 1680
11. Wastewater Treatment Facilities—San Quentin. Withhold recommendation on proposed construction funds pending receipt of additional information. 1681
12. *Inmate Housing Trailers—San Quentin State Prison. Reduce by \$198,000.* Recommend deletion of project. 1681
13. *Replace Elevators—California Rehabilitation Center, Corona. Reduce by \$609,800.* Recommend deletion of proposed additional construction funds. 1682
14. *Alterations and/or Expansion of Existing Facilities—Statewide. Reduce by \$20,000,000.* Recommend deletion of proposed funds. 1682
15. *Minor Capital Outlay. Reduce by \$20,000.* Recommend deletion of one project. 1682

ANALYSIS AND RECOMMENDATIONS

Capital Outlay Funding

We recommend that Budget Act language be adopted to authorize funding of capital outlay projects from state tidelands oil revenue.

Revenues received by the State Lands Commission from tideland oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of this Analysis, we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 566:

"For capital outlay, Department of Corrections, payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code, except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section."

DEPARTMENT OF CORRECTIONS—Continued**Warehouse Addition—California Correctional Institute, Tehachapi**

We recommend approval.

The budget proposes \$145,800 under Item 566(a) for construction of a 2,400 square foot, food storage annex to the warehouse at the California Correctional Institute at Tehachapi. The existing food storage area is not rodent or bird-proof, does not have sufficient storage space and has been declared inadequate by the Department of Health Services. The new addition to the warehouse would provide appropriate storage for food items. Its cost is reasonable and we recommend approval.

Wastewater Treatment Facility—California Training Facility, Soledad

We recommend approval.

The department currently operates a wastewater treatment plant which serves the Correctional Training Facility at Soledad. The department proposes an expenditure of \$300,000 for improvements to bring the plant into compliance with discharge requirements established by the Central Coast Regional Water Quality Control Board. The Office of State Architect (OSA) has reviewed the existing plant and has recommended improvements which total \$1,581,900. The department indicates that this project is approved for Clean Water Grant funds. These grant funds will cover 80 percent (\$1,268,900) of the estimated project cost.

The OSA has studied several alternative means of meeting waste water discharge requirements at this facility and has determined that the most economical approach is to upgrade the existing plant. Based on our analysis of the proposal, the project should proceed and we recommend approval.

Land Acquisition—Correctional Training Facility, Soledad

We recommend deletion of Item 566(c), a reduction of \$66,000.

This \$66,000 request is for acquisition of 32 acres of land near the Correctional Training Facility at Soledad. This land, which is located on the Salinas River plain, has been the site of the sewage treatment plant's percolation ponds since 1958 under an informal, noncompensable arrangement with the property owners. The department now proposes to purchase the land through condemnation proceeding.

We have no information indicating a need to purchase the land at this time. The department has utilized this land for the past 22 years, and there is no apparent reason why it cannot continue this arrangement or initiate a formal agreement for use of the property on a long-term lease or other acceptable basis. To our knowledge, the department has not explored such alternatives. Consequently, we recommend that the proposed land acquisition not be approved and recommend deletion of Item 566(c), for a reduction of \$66,000.

Conversion of Warehouse—Correctional Training Facility, Soledad

We recommend deletion of Item 566(d), a reduction of \$250,000.

The budget includes \$250,000 under Item 566 (d) for preliminary plans and working drawings to convert the existing storage warehouse at Sole-

dad to a vocational complex as a means of relieving overcrowded conditions at this facility. The Office of State Architect has prepared schematic budget material which indicates a total project cost of \$1,318,000. The work includes modifications such as installing guarding stations and restroom facilities, and partitioning the warehouse into vocational instruction areas.

Chapter 1175, Statutes of 1979, appropriated \$11,474,000 in capital outlay funds to the Department of Corrections for planning new facilities and modifying existing ones to relieve overcrowded conditions. Funds in the amount of \$2,250,000 were included to provide for construction of improvements to mitigate overcrowding in existing facilities. Because the Soledad warehouse conversion project is designed to remedy an overcrowding problem, the department should utilize a portion of the funds appropriated by Chapter 1175 for this purpose. Thus, funds are available to accomplish the proposed project. We therefore recommend that the funds proposed for planning and working drawings be deleted, for a reduction of \$250,000.

**Special Housing Units—Deuel Vocational Institute,
Tracy and San Quentin State Prison.**

We recommend deletion of Item 566 (e) and Item 566 (o), for a total reduction of \$1,346,400.

The budget proposes \$495,200 to convert East, West, "J" and "L" wings to special housing units at Deuel Vocational Institute. The budget also includes \$851,200 to convert South Block, "C" section to a special housing unit at San Quentin. These projects would meet short-term needs for special housing to isolate and control inmates who participate in prison-gang activities, engage in racially violent behavior, pose high-risk escape problems, exhibit behavioral problems, or need to be placed in protective custody away from the general population.

These projects were funded for working drawings and construction in the Budget Act of 1979 (Item 475(b) provided \$440,150 for the Deuel project and Item 475(j) provided \$730,950 for the San Quentin project). The Department of Corrections has indicated that these projects are essential to provide for adequate security. In providing funding for improvements last year, the Legislature adopted supplemental language indicating that the projects were to be considered high priority and directed the Office of State Architect to expedite their construction. However, the budget request indicates that the projects have not been expedited and that construction is not anticipated until 1980-81. Moreover, the funds approved in the 1979 Budget Act are proposed for reversion under Section 11.11 of the Budget Bill. Prior to budget hearings, The Office of State Architect should explain to the Legislature why these projects have not been expedited.

These projects are essential from a security standpoint and should proceed in the current year on a priority basis. The funds proposed in the budget bill should not be needed. We, therefore, recommend deletion of Item 566(d) and Item 566(o), for a reduction of \$1,346,400.

DEPARTMENT OF CORRECTIONS—Continued**Sewage Treatment Modifications—Deuel Vocational Institute, Tracy**

We recommend deletion of Item 566(f), a reduction of \$150,100.

Item 566(f) contains \$150,100 for construction of improvements to the existing sewage treatment facilities at Deuel Vocational Institute at Tracy. The project proposes replacement of pumps and renovation of existing agricultural ponds which are used to process effluence from the industrial dairy area. The existing pumps have not been reliable and the ponds have been partially filled from erosion of levees and are in need of renovation.

Because this problem results from a maintenance deficiency, the corrective work should be financed from operating funds rather than from capital outlay. Moreover, the dairy is operated by Correctional Industries, which derives revenue through the sale of dairy products to various state institutions. The proposed modifications to the treatment plant and agricultural ponds are the responsibility of Correctional Industries and should be funded from the dairy operations revenues on a scheduled, priority basis as a maintenance project. We therefore recommend deletion of the proposed project, for a reduction of \$150,100.

Replace Water Lines—California State Prison, Folsom.

We withhold recommendation on Item 566(g) for replacement of water lines at Folsom State Prison, pending receipt of additional information.

This \$640,000 item is to replace domestic water lines and kitchen waste lines at Folsom State Prison. Existing water lines have deteriorated and have become unserviceable. The 1979 Budget Act provided \$50,000 for preliminary plans and working drawings for this project.

According to the project schedule prepared by the Office of State Architect, the Folsom water line project should be submitted to the Public Works Board for approval of preliminary plans in February 1980. While our analysis indicates a need for the modifications, we do not have adequate information to evaluate the request for construction funds. Based on the OSA schedule, additional information should be available prior to budget hearings. Consequently, we withhold recommendation on this project, pending receipt of the needed preliminary plans.

Remodel Sewage Plant—California Institute for Men (CIM), Chino

We withhold recommendation on Item 566(h), pending receipt of additional information.

The budget proposes \$225,000 in construction funds to remodel the sewage plant at CIM, Chino. When completed, the upgraded plant will meet discharge requirements and provide sufficient treatment capacity for the projected population of inmates and staff at CIM. The estimated total project cost is \$2,040,000, including \$1,785,000 (87.5 percent) in grant funds. Item 475(e) of the 1979 Budget Act provided \$30,000 for preliminary plans and working drawings for this project.

The State Public Works Board allocated preliminary planning funds for this project in July 1979. Preliminary plans needed to evaluate the proposed construction funds were not available at the time this analysis was prepared. Because OSA anticipates that these plans will be completed

in February, we withhold recommendation on this item, pending receipt of the information.

Sewage Treatment Plant Participation with City of Vacaville—California Medical Facility (CMF)

We recommend Item 566(i) be reduced by \$204,000.

The Department of Corrections is requesting \$835,000 as its matching share of a Clean Water Act grant to upgrade wastewater treatment facilities operated by the City of Vacaville. The existing CMF wastewater treatment facilities are incapable of meeting the San Francisco Bay Regional Water Quality Control Board's requirements for waste discharge. Consequently, some modifications to the existing treatment facilities or alternate treatment methods will have to be provided at this institution. The City of Vacaville is upgrading and expanding the city-operated facilities and will provide the California Medical Facility (CMF) with 6 percent of the anticipated capacity of its new system. This project was originally funded in the 1977 Budget Act with the Department of Corrections' share estimated at \$285,000. Since that time, the overall project has been modified, and costs have increased from \$8.5 million to over \$23 million. The city has now calculated the CMF financial participation to be \$835,000.

The Office of State Architect has reevaluated the economic feasibility of upgrading the institution's wastewater facility as an alternative to connecting with the City of Vacaville system. The OSA report indicates that upgrading the existing facilities would cost approximately \$1.7 million and could not be grant-funded under the Clean Water Act. Thus the proposal to join the City of Vacaville treatment plant is the least costly method of meeting discharge requirements.

The proration of costs includes \$230,000 for metering and upgrading which the city does not consider to be grant fundable. Thus, the \$835,000 CMF share of the project's cost includes 100 percent funding for these items. However, because these facilities are an integral part of the proposed connection to the city facilities, the OSA has indicated that, based on its interpretation of federal guidelines, these components *would* qualify for grant funding. Consequently, we recommend that the proposed state funds for this project be reduced by \$204,000 to reflect the actual grant fundable work. The remaining \$631,000 should be adequate to meet the CMF financial participation in the project.

Upgrade of Primary Electrical Service—California Medical Facility, Vacaville

We recommend approval.

The budget proposes \$694,245 to replace a portion of the primary electrical system and switchgear at the California Medical Facility, Vacaville. The project would improve the reliability of the system and provide additional capacity in areas where demand exceeds existing capacity. The 1979 Budget Act, Item 475(g), provided \$60,000 to prepare preliminary plans and working drawings for this project.

Preliminary plans were recently submitted to the State Public Works Board for approval and release of working drawing funds. The plans submitted did not include some aspects of the project as originally proposed. However, the Office of State Architect and the Department of Correc-

DEPARTMENT OF CORRECTIONS—Continued

tions indicate that the revised project scope reflects better engineering design that will provide at least the same measure of reliability and service as the initial design. The department also indicates that the revised project will provide all necessary electrical modifications, and no additional funds will be requested.

Rehabilitate Sewage System—California Men's Colony, San Luis Obispo

We recommend deletion of Item 566(k), a reduction of \$324,200.

This \$324,200 request would rehabilitate a portion of the sewage system at the California Men's Colony, San Luis Obispo. A grant-funded, sewage-treatment upgrade project is currently underway at this facility.

The budget proposal would provide additional improvements to eliminate excessive infiltration and inflow into the sewage collection system. This additional work is not needed because the grant-funded, waste-water treatment project adequately upgrades the system to eliminate the infiltration and inflow problem. Upon completion, the grant-funded project will meet the State Water Resources Control Board discharge requirements, and there is no justification for upgrading any additional portion of the treatment facilities.

Moreover, there is uncertainty regarding the cost of the additional upgrading. The department submitted a \$112,500 request; the institution estimated costs to be \$817,842; and the budget proposes \$324,200. Whatever the proper funding level may be, the proposed work has been deemed unnecessary and was denied under the clean water grant request. We therefore recommend deletion of the proposed \$324,200.

Upgrade Internal Security and Control, Upgrade Minimum Security Housing—San Quentin State Prison

We recommend deletion of Item 566(l) and Item 566(m), for a reduction of \$671,372.

The budget contains \$321,372 under Item 566(l) to upgrade internal security/control and \$350,000 under Item 566(m) to upgrade minimum security housing at San Quentin. The 1977 Budget Act provided \$300,000 and \$200,000, respectively, for these projects. The 1977 funds were reappropriated in the Budget Acts of 1978 and 1979. Section 11.11 of the Budget Bill includes reversion of these previously approved funds.

The minimum security housing project was approved and construction funds were allocated by the State Public Works Board in April 1979. The board allocated working drawing funds for the internal security project in July 1979, at which time the OSA indicated working drawings would be completed in October 1979. Data have not been presented to indicate the basis for the funds proposed in the budget or to explain the delay in undertaking the projects.

Moreover, at this time, the department is evaluating the future of San Quentin. Options being considered include renovation, replacement and demolition. Thus, until a long-range plan is developed for San Quentin, the need for projects of this magnitude is uncertain. Pending resolution of this issue, the department should identify, on a priority basis, the immediate improvements needed at the institution and, if appropriate, com-

mence construction in the current year using the funds appropriated by the 1977 Budget Act. On the other hand, if it is determined that the modifications are not needed, these funds should be reverted as proposed under Section 11.11.

In any event, the need to appropriate additional funds at this time has not been justified. Consequently, we recommend deletion of Items 566(l) and 566(m) for a reduction of \$671,372.

Wastewater Treatment Facilities—San Quentin

We withhold recommendation on Item 566(n) pending receipt of additional information.

The budget includes \$600,000 for construction of wastewater treatment facilities at San Quentin State Prison. The plant output does not meet state water quality discharge requirements and poses a pollution problem for San Francisco Bay. The department proposes abandoning the San Quentin facilities and participating in the Eastern Marin Southern Sonoma Wastewater Facilities Project. This project involves state, regional and local matching funds exceeding \$31 million. The 1979 Budget Act provided \$215,000 for working drawings for the state's share of the project. The proposed budget would provide the state's share of construction funds.

The State Public Works Board has approved the release of preliminary planning funds for this project. Adequate information is not presently available to assess the funding level. The Office of State Architect has indicated that these plans will be completed prior to budget hearings. We therefore withhold recommendation pending receipt of the additional information.

Inmate Housing Trailers—San Quentin State Prison

We recommend deletion of Item 566(p), a reduction of \$198,000.

The budget includes \$198,000 for preliminary plans, working drawings and construction of housing trailers at San Quentin State Prison. We have not received any information regarding this project, and it was not included in the five-year capital outlay program prepared by the department. Consequently, there is no basis on which to evaluate the project. We recommend deletion of the proposed funds.

Replace Boiler Controls, California Institute for Women, Frontera

We recommend approval.

This item contains \$287,400 to replace boiler controls at the California Institute for Women, Frontera. The project would replace burners, combustion controls and flame safeguard systems on three existing boilers. These components have been determined to be obsolete and replacement parts are not available. In addition, with the increased use of alternative fuels such as oil, appropriate boiler controls are essential for efficient and safe operation.

The proposed project is necessary for the safety of employees who operate the boilers and to provide optimum efficiency of existing equipment. We therefore recommend approval of the proposed project.

DEPARTMENT OF CORRECTIONS—Continued**Replace Elevators, California Rehabilitation Center, Corona**

We recommend deletion of Item 566(r) and Item 566(s), for a reduction of \$609,800.

The budget proposes \$216,000 to replace two elevators in the administration building and \$393,800 to replace two elevators in building 107 at the California Rehabilitation Center, Corona. The 1978 Budget Act provided \$179,300 for the administration building project and the 1979 Budget Act provided \$250,400 for the project in building 107.

We have not received any information to indicate the basis for requesting additional funds. Because the State Public Works Board has approved these projects, funds are available for replacement of the elevators.

We understand that the Office of State Architect is revising the project specifications to solicit bids from general contractors in the Corona area. Thus, the projects apparently are proceeding in the current year. We therefore recommend deletion of Items 566(r) and 566(s), for a reduction of \$606,800.

Alterations and/or Expansion of the Existing Facilities—Statewide.

We recommend deletion of Item 566(t), a reduction of \$20,000,000.

The budget proposes \$20,000,000 under Item 566(t) for preliminary plans, working drawings and construction of alterations and/or expansion of existing correctional facilities. We have not received any information to support the requested funds.

Chapter 789, Statutes of 1978, provided \$7.6 million to study the need for alterations to existing correctional facilities and to plan the construction of 11 new state correctional facilities. Chapter 1135, Statutes of 1979, provided an additional \$6.75 million to continue the planning work and to purchase sites. The department is currently working with the Office of State Architect and several consulting architects in evaluating the department's housing needs for the projected inmate population. This planning effort has recently been completed and the department is preparing a report to be submitted to the Legislature in April 1980. The preliminary plans and working drawings for any recommended alterations will require at least one year to complete. Based on the current status of the program, it is unlikely that construction funds will be required in the 1980-81 fiscal year. Consequently, we recommend deletion of the \$20 million under Item 566(t).

Minor Capital Outlay

We recommend Item 566(u) be reduced \$20,000 by deleting one project.

The budget contains \$555,886 for 14 minor capital outlay projects in the Department of Corrections to improve security and correct health and safety deficiencies. We recommend approval of 13 projects totaling \$535,886, and deletion of a \$20,000 project to install a traffic control signal at the entrance of the California Institute for Men (CIM) in Chino. These funds are not needed because Chapter 1135, Statutes of 1979, provided \$1,000,000 for improvements at CIM, including the proposed traffic signal.

Consequently, this project has already been funded and we recommend the proposed funds be deleted.

DEPARTMENT OF CORRECTIONS

Item 567 from the General Fund

Budget p. YAC 24

Requested 1980-81	\$100,000,000
Recommended reduction	100,000,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Construction of New Facilities—Statewide. Reduce by 1683 \$100,000,000.* Recommend Item 567 be deleted.

ANALYSIS AND RECOMMENDATIONS

Projected Prison Population Exceeds Capacity

The Department of Corrections is currently evaluating alternatives and planning methods for meeting projected population increases in the prison system. In the department's March 15, 1979, report to the Legislature, the male felon population was projected to increase from an actual of 19,650 in June 1979 to 28,495 in June 1988. The department's initial population projections have been borne out to date by the relatively steady increase in male felon population. Table 1 shows the male felon population in the last week of December for the past four years. The female felon population is currently 1,031 while capacity at the California Institute for Women (CIW) is 932 inmates. Consequently, approximately 100 female felons are currently housed at the California Rehabilitation Center at Corona, rather than at CIW. The current male felon population of 20,621 is essentially identical to the department's current capacity of 20,616. Thus, the immediate need for additional capacity in state prisons will have to be provided through double-celling and other measures.

Table 1
Department of Corrections
Male Inmate Population
Week of December 25-31

	<i>Year</i>			
	1976	1977	1978	1979
Population	17,917	16,969	19,018	20,621
Percent change from prior year	—	-5.6%	+12.1%	+8.4%
Current capacity	—	—	—	20,616

Premature Funding for New Facilities

We recommend Item 567 be deleted, a reduction of \$100,000,000.

The budget contains \$100,000,000 for construction of new facilities for the Department of Corrections. Budget Bill language specifies that (1) the State Public Works Board shall not release these funds until the depart-

DEPARTMENT OF CORRECTIONS—Continued

ment's master plan has been approved by the Legislature, and (2) the funds shall be available for expenditure during the 1980-81, 1981-82, and 1982-83 fiscal years.

The Governor's Budget does not indicate the proposed locations, capacity or additional operating expense for the new facilities. Consequently, there is inadequate information for the Legislature to evaluate the need for specific expenditures.

The Legislature has provided planning funds for 11 new prisons with a capacity of 4,400 inmates and renovation of existing facilities. Table 2 shows the appropriated funds and the expenditures that have been incurred through December 31, 1979.

Table 2
Department of Corrections
Planning for Renovations and New Facilities
1980-81

	<i>Expended thru</i>		
	<i>Appropriated</i>	<i>December 31, 1979</i>	<i>Balance</i>
<i>Chapter 789, Statutes of 1978^a</i>			
1. Staff costs, travel and prior year expenditures	\$234,230	\$163,205	\$71,025
2. OSA ^b —new facilities planning	2,200,000	—	2,200,000
3. OSA—replacement/renovation planning	4,915,770	4,525,314	390,456
4. OSA—overcrowding evaluation.....	250,000	—	250,000
Subtotals	<u>\$7,600,000</u>	<u>\$4,688,519</u>	<u>\$2,911,481</u>
<i>Chapter 1135, Statutes of 1979</i>			
1. To alleviate overcrowding.....	\$2,250,000	\$30,900	\$2,219,100
2. Site acquisition	4,250,000	—	4,250,000
3. Design development.....	2,500,000	—	2,500,000
Subtotals	<u>\$9,000,000</u>	<u>\$30,900</u>	<u>\$8,969,100</u>
Totals	<u><u>\$16,600,000</u></u>	<u><u>\$4,719,419</u></u>	<u><u>\$11,880,581</u></u>

^a Lump-sum appropriation (no schedule specified for expenditure). Allotments per Department of Corrections.

^b OSA—Office of State Architect, Department of General Services.

The Office of State Architect (OSA) has been allocated a portion of the funds appropriated by Chapter 789 to prepare architectural evaluations of proposed renovations and new facilities. The OSA has engaged private consultants to accomplish this planning objective. The consultant's evaluations have been submitted to the Department of Corrections, and the department is reviewing them for a report to the Legislature to be submitted in April 1980. This report should provide detailed justification for the expenditures needed for new prison facilities and/or renovation of existing facilities.

In view of the fact that only \$4.7 million of the \$16.6 million appropriated for planning purposes has been expended thus far, it is highly unlikely that construction funds will be required for any aspect of the project in the budget year. Consequently we recommend deletion of the proposed \$100,000,000.

Alternatives for Future Funding

In past years, we have recommended that a reserve be established to fund needed prison construction, and that the reserve be available for reappropriation by the Legislature in future fiscal years. Implementation of the reserve funding concept would have assured the availability of money for prison construction from existing General Fund surpluses once adequate supporting detail had been developed, and would have allowed the Legislature to maintain control of the funds.

Our analysis indicates that the construction of new prison facilities will require a substantial commitment of capital outlay funds, probably in excess of the proposed \$100 million. It is important that the Legislature recognize this significant future liability in its fiscal planning. Failure to adequately recognize these future needs could require reductions to ongoing programs in order to fund the needed capital outlay.

We have recommended that legislation be enacted to (1) deposit state tidelands oil revenues into the General Fund, or (2) use the revenues for capital outlay needs for all General Fund agencies and higher education. Pending enactment of such legislation, we have recommended throughout our analysis that budget language be adopted to allow the use of these revenues for General Fund agencies' capital outlay. Because of recent changes in federal oil pricing policy, these revenues are projected to increase significantly and should be adequate in future years to meet the needs of the Department of Corrections as well as other General Fund agencies, including higher education. Thus, if the Legislature chooses to fund the capital outlay needs for the Department of Corrections from the tidelands revenue, there should be no need to establish any "reserve" fund for the future prison construction.

On the other hand, if the Legislature determines that the tidelands revenue is to be deposited in the General Fund or that use of these funds is to be limited to capital outlay for higher education, then \$100 million should be set aside in a reserve item subject to future reappropriation by the Legislature. Under these circumstances, a reserve would:

- assure the availability of funds and allow the Department of Corrections to develop specific plans and substantiating information for legislative review;
- take advantage of the existing General Fund surplus, thus avoiding the necessity of having to cut back ongoing programs in future years in order to finance the prisons; and
- allow the Legislature to keep control of the funds until adequate substantiating documentation is available.

DEPARTMENT OF THE YOUTH AUTHORITY

Item 568 from the General Fund

Budget p. YAC 45

Requested 1980-81	\$1,992,525
Recommended approval	440,700
Recommended reduction	791,625
Recommendation pending	760,200

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Capital Outlay Funding Source. Recommend Budget Act language to authorize funding of capital outlay projects from state tidelands oil revenues. 1686
2. *Security Sound Systems—various locations.* Reduce by \$693,325. Recommend deletion of construction funds for three projects. Withhold recommendation on construction funds of \$760,200 for two projects pending additional information. 1686
3. *Minor Capital Outlay—various locations.* Reduce by \$98,000. Recommend six projects be deleted, and one project reduced. 1689

ANALYSIS AND RECOMMENDATIONS

Capital Outlay Funding

We recommend that Budget Act language be adopted to authorize funding of capital outlay projects from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis, we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 568:

For capital outlay, Department of the Youth Authority payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section.

Security Sound Systems—Various Locations

We recommend Item 568(b), Item 568(d), and Item 568(f), for construction of security sound systems at Preston School, Fred C. Nelles School, and Karl Holton School be deleted, for a reduction of \$693,325. Further, we withhold recommendation on \$760,200 for construction funds at the Southern, Item 568(a) (\$356,300), and Northern, Item 568(c) (\$403,900) Reception Center-Clinics pending the receipt of additional information.

The budget proposes a total of \$1,514,825 for upgrading security sound systems at eight Youth Authority facilities. Security sound systems allow staff to monitor selected locations from a central control station. The proposed upgrading would (1) expand the system to cover additional locations, (2) increase the system's reliability by replacing obsolete tube-type equipment with modern equipment and (3) provide additional security capabilities such as an automatic alarm (activated by loud noises) and two-way communication with central control. Table 1 shows the funds appropriated in the Budget Acts of 1977 and 1979, and funds proposed in the 1980 Budget Bill, for this purpose.

Table 1
Department of the Youth Authority
Funded and Proposed Security Sound System Projects
1977-78 to 1980-81

	1977-78 Funded	1979-80 Funded	Budget Bill Amount	Analyst's Proposal	1980-81
1. Southern Reception Center-Clinic.....	\$174,540 ^{wc}	—	\$356,300 ^c	pending	
2. Preston School.....	—	\$5,580 ^w	85,794 ^c	—	
3. Northern Reception Center-Clinic	185,530 ^{wc}	—	403,900 ^c	pending	
4. Fred C. Nelles School	—	17,585 ^w	307,306 ^c	—	
5. Northern Youth Center, O. H. Close School, and Dewitt Nelson School	—	—	61,000 ^w	\$61,000	
6. Karl Holton School.....	—	17,235 ^w	300,525	—	
7. Ventura School	237,610 ^{wc}	—	—	—	
8. El Paso de Robles School	174,170 ^{wc}	—	—	—	
9. Youth Training School.....	308,450 ^{wc}	—	—	—	
Totals	\$1,080,300	\$40,400	\$1,514,825	\$61,000	

^w—preliminary plans and working drawings; ^c—construction

The department has justified the need to upgrade sound systems to provide reliable security control at all facilities. On this basis, we recommend approval of the \$61,000 for preliminary plans and working drawing funds for the Northern Youth Center, O. H. Close School and Dewitt Nelson. However, the construction funds proposed for the other five projects are based on inadequate cost information.

Projects Funded for Planning in the Budget Act of 1979. The Budget Act of 1979 provided \$40,000 for preparation of preliminary plans and working drawings of security sound upgrade projects at the Preston, Karl C. Holton, and Fred C. Nelles Schools. In July 1979, the Public Works Board allocated \$20,429 for preparation of the preliminary plans for these projects. As of January 1980, preliminary plans for these projects had not been completed because the Office of State Architect delayed the appointment of a consultant. Consequently, the amount of construction funds proposed for the three schools is based on insufficient information. In addition, because of the delay, it is not clear that the construction would begin in the budget year. We, therefore, recommend deletion of the proposed construction funds, a reduction of \$693,625.

Rebudgeting of Reception Center Projects. Table 1 shows that construction funding in the amount of \$356,300 is proposed for the Southern

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

Reception Center-Clinic (SRCC) project in addition to the \$174,540 provided in the Budget Act of 1977 for working drawings and construction for this project. In addition, \$403,900 is proposed for the Northern Reception Center-Clinic (NRCC) project to supplant the \$185,530 already appropriated for this work.

These projects were included in a group of five security sound systems advertised for construction bids in October 1979. The design of these projects was delayed because of the Office of State Architect's (OSA) delay in appointing a consultant. When the projects were ready to be bid, the cost increase due to inflation required the Public Works Board to approve a potential deficit of nearly 20 percent, the limit established in the Budget Act. The projects were subsequently advertised on three alternative bid proposals:

Proposal 1—Youth Training School, Ventura School and El Paso de Robles School.

Proposal 2—Northern and Southern Reception Center-Clinics.

Proposal 3—All five projects.

Two bids were received on proposal one, with the low bid approximately 5 percent below the state's estimate (15 percent above the appropriated funds). One bid was received on proposal two which exceeded the funds appropriated by more than 100 percent. The one bid on proposal three was 37 percent over the amount of funds appropriated.

After receipt of these bids, the Department of Finance authorized the award of bid proposal one only, because the bids on the remaining proposals exceeded the state estimate by a substantial amount.

The OSA advises us that inflationary costs have increased the state's estimate for the remaining project beyond the 20 percent augmentation limit. Thus, if the projects are to proceed, additional funds must be provided. We continue to believe that these two projects are justified, and that additional funds should be provided to reflect the inflationary cost increases which have occurred since the time funds were initially appropriated for the projects. Our analysis indicates, however, that the funding level proposed in the budget is based on the rejected bids received in October, and that these bids do not represent the inflationary cost increase. The rejected bids were not received under competitive conditions favorable to the state, and should not be used as the basis for a new cost estimate.

We recommend that the remaining projects be readvertised as separate proposals on the basis that the prior bidding was not competitive and because of significant geographic separation of the two reception center-clinics. The OSA should reevaluate the cost estimate for these two projects taking into consideration (1) anticipated favorable competitive bidding because contractors will be able to capitalize on their geographical proximity to the individual facilities, and (2) inflationary cost increases that have occurred since the initial appropriation. The Engineering News Record index for construction costs indicates an increase of approximately 25 percent over this period and the rebudgeted amounts for these projects should approximate this increase. *We withhold recommendation on Items*

568(a) and 568(c) until the OSA has completed its reevaluation.

Minor Capital Outlay

We recommend Item 568(g) be reduced \$98,000 by deleting five projects and reducing one project.

The budget includes \$477,700 for 28 minor capital outlay projects (costing \$100,000 or less) at the various Youth Authority facilities. These projects will improve programs and the health and safety conditions and security of the facilities. However, several projects have not been adequately justified, and we recommend deletion or modification of funding for these projects. Table 2 shows the recommended action on the minor capital outlay program.

Table 2
Department of the Youth Authority
Minor Capital Outlay 1980-81

<i>Location</i>	<i>Project</i>	<i>Amount Requested</i>	<i>Analyst's Proposal</i>
Northern Reception Center-Clinic	strengthen walls	\$20,000	\$5,000
Washington Ridge Camp.....	storage building	30,000	-0-
Washington Ridge Camp.....	lower ceilings in dining hall	15,000	-0-
Preston School	curbs and gutters	8,000	-0-
Preston School	realign fence	15,000	-0-
Park Centre	restore property to original condition	15,000	-0-
Various	other projects	374,700	374,700
Totals		\$477,700	\$379,700

Northern Reception Center-Clinic. We recommend a reduction of \$15,000 in the project to strengthen walls at the Northern Reception Center and Clinic because the proposed solution of covering the walls with plastic laminated panels will not alleviate the wall deterioration. We recommend that \$5,000 for one quarter of a dormitory be approved to test various alternative solutions, such as epoxy or fiberglass coating of the wallboard. Once a successful solution has been found, additional funds should be requested to complete the necessary corrections.

Washington Ridge Camp. We recommend deletion of the proposed \$15,000 "energy conservation" project to lower the ceiling in the dining room at this facility. The department has not provided adequate information to substantiate the anticipated energy savings. We also recommend deletion of \$30,000 for construction of a clothing storage building because \$2,000 proposed in another project would alter the existing laundry area which should provide additional clothing storage area.

Preston School of Industry. We recommend two projects at Preston be deleted for a reduction of \$23,000. One project, to install curbs and gutters for \$8,000, is a maintenance item and the department's maintenance program has adequate funds to maintain the roads on a priority basis. The other project, to move a fence post and widen a road for \$15,000, is not justified because the cost is excessive in relation to the benefit of widening the roadway from 14 feet to 17.5 feet for a distance of 20 feet.

Park Centre, San Diego. The budget includes \$15,000 for removal or

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

demolition of state improvements or alterations in order to restore the Park Centre Settlement House to its original condition in the event the department cancels its lease for this facility. We have not received any information indicating that the department plans to abandon this facility, and thus, have no basis to recommend the appropriation of funds at this time. Consequently, we recommend deletion of the proposed \$15,000.

Remaining Minor Projects. We recommend approval of the remaining 21 projects totaling \$361,000. These projects provide needed improvements and the costs appear reasonable. One \$55,000 project, at the Youth Training School, would provide an addition and improvements to the new gymnasium. The gymnasium was improperly designed by the Office of State Architect and does not provide adequate program or storage space. The gymnasium was constructed so the recreational needs of the residents in one living unit could be accommodated in this facility. However, because of improper design the gymnasium cannot be used in this manner. As a result, additional staff is needed to supervise the smaller groups utilizing the gym. Additional staff usually is not available and the gym rarely is occupied. The proposed minor capital outlay project would provide a screened porch area so that all residents of one living unit have sufficient activity space in the gym, and can be adequately supervised. There also are safety deficiencies in the building which need to be corrected and the restroom fixtures have been damaged because they are inadequate for an institution setting. We recommend approval of the proposed funds in order to make this facility operable. The Office of State Architect, however, should insure that future project designs are responsive to the client department's program requirements, and meet applicable safety requirements.

DEPARTMENT OF FOOD AND AGRICULTURE

Item 569 from the General Fund

Budget p. GG 57

Requested 1980-81	\$703,756
Recommended reduction	626,921
Recommendation pending	76,835

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. Capital Outlay Funding Source. Recommend that budget language be adopted to fund capital outlay for the Department of Food and Agriculture from state tidelands oil revenues. 1691
2. *Long Valley Inspection Station.* Reduce by \$565,200. Recommend deletion of construction funds. 1691
3. *Truckee Inspection Station—Phase II.* Reduce by \$61,721. Recommend deletion of funds for archeological dig. 1691

4. Truckee Inspection Station—Phase I. Withhold recommendation on proposed construction augmentation. 1692

ANALYSIS AND RECOMMENDATIONS

Capital Outlay Funding Source

We recommend that budget language be adopted to fund capital outlay for the Department of Food and Agriculture from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 569:

"For capital outlay, Department of Food and Agriculture, payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section."

Long Valley Inspection Station

We recommend deletion of Item 569(a), a reduction of \$565,200.

The budget proposes \$565,200 for construction of a permanent agricultural inspection station at Long Valley. The proposed building would replace a temporary facility used since 1976. The Budget Act of 1978 provided \$34,600 for preparation of preliminary plans and working drawings for the proposed project. These funds were reappropriated in the Budget Act of 1979.

While funds have been available for over 18 months, preliminary plans for the proposed Long Valley inspection station have not been completed by the Office of State Architect. Our analysis indicates that a permanent facility is needed at this location, but adequate information has not been developed to substantiate the requested construction funds. Consequently, we recommend deletion of Item 569(a) for a reduction of \$565,200.

Truckee Inspection Station—Phase II

We recommend deletion of Item 569(b), a reduction of \$61,721.

The budget proposes planning funds of \$61,721 for an expansion of the existing Truckee inspection station. The proposed expansion would (1) widen the existing 20-foot truck bypass area by an additional 30 feet, (2) widen existing secondary inspection and parking area by 4,000 square feet, and (3) construct a wood-frame truck-inspection office north of the new truck lanes. The department indicates that the proposed improvements at this facility would alleviate the problem of trucks and other traffic being backed up along the freeway during peak traffic periods.

The proposal includes \$43,921 for an archeological dig and \$17,800 for preliminary plans and working drawings. The estimated total project cost

DEPARTMENT OF FOOD AND AGRICULTURE —Continued

is \$464,121. The archeological dig is proposed to satisfy a mitigating measure identified under the project Environmental Impact Report. The area to be excavated contains some artifacts deemed significant by the preliminary archeological investigation, which cost \$17,000.

The phase II project for the Truckee inspection station was approved for construction in the Budget Act of 1978, Item 492(b), which appropriated \$227,650. However, only \$17,000 has been expended for the preliminary archeological dig. The balance of the previously approved funds have reverted to the General Fund. Because of the environmental impact mitigation requirements and design problems, the project has been delayed and costs have increased by over 100 percent.

In view of the delays and the substantial increase in the construction cost, the department should reevaluate the need for the proposed project. The benefits to be derived from expansion of the station appear to be marginal in relation to the significant cost involved. The indicated traffic problem occurs only during peak traffic hours. Modification of current inspection procedures (such as less intense or priority inspection at peak hours) may alleviate this problem and negate the need for expansion. The department should evaluate less expensive alternatives, such as improvement of highway signing, to eliminate lane changes at the inspection facility. Furthermore, the Department of Transportation is planning to construct a new truck inspection facility in this area, and the department should consider joint use of Transportation's facility.

Our analysis cannot substantiate the need to expend an additional \$43,921 for an archeological dig. Expenditures for the archeological investigation already amount to \$17,000, and the department should provide detailed justification of the benefits to be derived by additional investigations.

In view of the potential alternatives available and the marginal benefit of the proposed expansion we recommend deletion, for a reduction of \$61,721.

Truckee Inspection Station Phase I Augmentation

We withhold recommendation on Item 569(c), an augmentation for the construction funds of phase I, Truckee inspection station improvements.

Funds appropriated in the Budget Act of 1977 provided for installation of a new heated concrete slab at the entrance to the Truckee inspection station. The existing heated slab is incapable of removing ice during the cold weather season. This poses a safety hazard to the occupants of the inspection station. The Public Works Board approved construction funds for this project and a contract was awarded in September 1979. Upon commencing the work of replacing the existing slab, the contractor determined that the construction documents prepared by the Office of State Architect were in error, and that in fact construction would be more complex than indicated on the drawings.

Apparently, the Office of State Architect has verified the contractor's complaint, and all work has stopped on the proposed replacement of the slab. The department has requested an additional \$76,835 based on a

reevaluation of the actual construction requirements.

We have not received any information detailing the basis upon which the requested additional amount was determined. Because the original construction documents were in error, the revised construction needs and associated costs should be thoroughly documented. We recommend that the department submit the revised plans and cost basis for review prior to budget hearings. Pending the receipt of the corrected drawings, we withhold recommendation on this project.

MILITARY DEPARTMENT

Item 570 from the General Fund

Budget p. GG 110

Requested 1980-81	\$113,000
Recommended approval	113,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes a General Fund appropriation of \$113,000 for capital outlay projects of the Military Department. The funds would be used for (1) architectural and engineering services (planning, working drawings and supervision) in connection with construction projects financed from federal funds (\$82,000), and (2) minor capital outlay projects at facilities operated by the department (\$31,000).

Architectural and Engineering Services. The Military Department anticipates federal funds totaling \$1,815,000 to finance improvements at the Camp Roberts training facility and minor improvements for maintenance shops, communication facilities and other federally funded activities conducted at the department's facilities. The federal financial participation in these projects does not include funds for architectural and engineering services related to the projects. Thus, the department has requested \$82,000 to fund these services and, based on our review of the proposed projects, we recommend approval.

Minor Capital Outlay. The budget includes \$31,000 for minor capital outlay projects at the department's Camp San Luis Obispo facility and the Long Beach Armory facility. The funds would be used for general site improvements such as curbs, gutters, sidewalks and modification of irrigation systems. These improvements are needed and we recommend approval.

UNALLOCATED CAPITAL OUTLAY

Item 571 from the General Fund

Budget p. GG 199

Requested 1980-81	\$300,000
Recommended approval	300,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Funding Source. Recommend budget language that would fund capital outlay planning from tidelands oil revenues.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item provides \$300,000 for preliminary planning of projects proposed to be financed from the General Fund in 1981-82. The funds would be allocated by the Department of Finance. An item for this purpose has historically been included in the Budget Bill. The proposed amount would provide for approximately \$22 million in construction, assuming the historical ratio of planning to construction (1.5 percent). A program of this magnitude seems reasonable.

Capital Outlay Funding Source

We recommend adoption of Budget Act language to fund the planning of unallocated capital outlay projects from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis, we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 571:

"For project planning, to be allocated by the Department of Finance, to state agencies payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code, except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section."

"Provided that the amount appropriated in this item is not to be construed as a commitment by the Legislature as to the amount of capital outlay funds it will appropriate in any future fiscal year."

UNALLOCATED CAPITAL OUTLAY

Item 572 from the General Fund

Budget p. GG 199

Requested 1980-81	\$12,500,000
Recommendation pending	12,500,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Funding Source. Recommend adoption of Budget Act language that would fund this item from state tidelands oil revenues. 1695
2. Amounts Necessary for Augmentation Source. We withhold recommendation on the amount to be included for capital outlay augmentation purposes, pending legislative action on the Budget Bill Capital Outlay Program. 1695

ANALYSIS AND RECOMMENDATIONS

Funding Source

We recommend that Budget Act language be adopted to permit funding this item from state tidelands oil revenues.

Revenues received by the State Lands Commission from tidelands oil production are projected to increase significantly because of changes in federal oil pricing regulations. In the Capital Outlay Summary of the Analysis, we have recommended that legislation be enacted allowing these revenues to be used to fund the capital outlay needs of General Fund state agencies. Pending enactment of this legislation, we recommend that the Legislature adopt the following budget language under Item 472:

"For augmentation of, and in accordance with the provisions of Section 16409 of the Government Code, payable from revenues received by the State Lands Commission and allocated under the provisions of Section 6217 of the Public Resources Code except that this appropriation shall be allocated immediately prior to allocations made pursuant to subdivision (e) (the Capital Outlay Fund for Public Higher Education) of Section 6217, and after allocations made pursuant to subdivisions (a) through (d), inclusive, of that section."

Amount to be Set Aside for Augmentation Purposes

We withhold recommendation on the amount to be included for capital outlay augmentation purposes pending legislative action on the Budget Bill Capital Outlay Program.

This item contains \$12.5 million from the General Fund for the purpose of allowing augmentation of capital outlay projects funded from that source. According to the provisions of Government Code Section 16409, these funds would be available without regard to fiscal year. Allocation of the funds is made by the Director of Finance upon approval by the State Public Works Board. Augmentations are allowed where projects cannot be undertaken because the estimate exceeds the amount available or bids

UNALLOCATED CAPITAL OUTLAY—Continued

received are in excess of the estimate.

The 1979 Budget Act included a similar item containing \$12 million. The appropriation also included budget language limiting augmentation amounts for individual capital outlay projects to the inflation rate as determined by the Department of Finance in consultation with the Office of Legislative Analyst. This language was ineffective. The State Public Works Board has approved several projects in excess of the inflation rate. For example, bids for the Sacramento site 3 office building were 15.15 percent (\$2,680,300) higher than the 1979 appropriation. The board approved this augmentation even though inflation accounted for a maximum of 8.2 percentage points of the 15.15 percent overrun. The board has also approved allocation of working drawing funds for projects that, based on estimates, exceeded inflation. Based on experience to date, it is apparent that budget language will not, in itself, control the cost of capital outlay.

We withhold recommendation on the amount to be included under this item pending legislative action on the capital outlay portion of the Budget Bill. Once the amount appropriated for capital outlay has been determined, the amount to be set aside for augmentation purposes can be adjusted to reflect the anticipated annual inflation rate and thus limit the amount of funds available for augmentation purposes.

DEPARTMENT OF PARKS AND RECREATION

Item 573 from the State Beach,
Park, Recreational and His-
torical Facilities Fund of 1964

Budget p. R 138

Requested 1980-81	\$23,240
Recommended approval	23,240

ANALYSIS AND RECOMMENDATIONS

- (a) Design and construction planning \$23,240
We recommend approval.

This request is a reimbursement to the department's support Item 256 for planning and administration of capital outlay development projects funded from the 1964 Park Bond Fund. The item pays for the small amount of development work remaining uncompleted under the 1964 Bond Act.

DEPARTMENT OF PARKS AND RECREATION

Items 574-575 from the State Beach, Park, Recreational and Historical Facilities Bond Act of 1964

Budget p. R 138

Requested 1980-81 Reappropriation and Reversions
Recommendation pending Reappropriation and Reversions

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation. Additional information is needed for evaluation of the requested reappropriations and reversions for capital outlay projects.

Item 574 contains reappropriations of unexpended balances from the 1964 Park Bond Act for five capital outlay acquisition and development projects for the Department of Parks and Recreation. The reappropriations are shown on pages 163 and 164 of the Budget Bill.

Item 575 contains requests for reversions of unexpended balances for two capital outlay development projects from the 1964 Park Bond Act. The reversions are shown on page 164 of the Budget Bill.

We defer a recommendation on these items until additional information is supplied by the department.

DEPARTMENT OF PARKS AND RECREATION

Items 576-577 from the Recreation and Fish and Wildlife Enhancement Fund

Budget p. R 138

Requested 1980-81 Reappropriations and Reversions
Recommendation pending Reappropriations and Reversions

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation. Additional information is needed for evaluation of the requested reappropriations and reversions for capital outlay projects.

Item 576 contains reappropriations of unexpended balances for four capital outlay development projects for the department of Parks and Recreation and Fish and Wildlife Enhancement Bond Fund. The reappropriations are shown on page 165 of the Budget Bill.

Item 577 contains request for reversions of unexpended balances for five capital outlay development projects for the department from the 1970 Recreation and Fish and Wildlife Enhancement Bond Fund. The reversions are shown on page 165 of the Budget Bill.

We defer recommendation on these items until additional information is supplied by the department.

DEPARTMENT OF PARKS AND RECREATION

Item 578 from the State Beach,
Park, Recreational and His-
torical Facilities Fund of 1974

Budget p. R 138

Requested 1980-81	\$4,815,548
Recommended reduction	62,750
Net recommended approval	\$4,752,798

ANALYSIS AND RECOMMENDATIONS

- (a) *Design and construction planning* \$1,142,993
We recommend approval.

This request is a reimbursement to the department's general support Item 256 for preliminary planning of capital outlay acquisition and development projects funded from the 1974 Park Bond Fund.

- (b) *Angel Island—sewer construction* \$881,269
We recommend approval.

The project proposes construction of a sewage collection and transport system for Angel Island State Park. The system would consist of gravity sewers, pump stations, force mains, waste water treatment and disposal facilities, site preparation, electrical system, and related facilities. The total cost of the project is estimated to be \$1,104,050. Item 318.2(b)14 of the 1972 Budget Act appropriated \$222,781 for the first phase of this project. Item 578(b) provides \$881,269 for the second phase. The department intends to apply for a \$564,375 reimbursement from the federal Clean Water Grant Program. Of that amount, \$80,625 would be from state reimbursements and \$483,750 would be from federal reimbursements.

Completion of this project is important because the San Francisco Bay Regional Water Quality Control Board has ordered the department to cease the discharge of raw sewage into the bay from two locations on Angel Island. The first phase of the project is nearing completion with the installation of a bio-digester sewage disposal unit and working drawings for the second phase are expected to be completed in July 1980.

- (c) *Angel Island, day use—working drawings* \$79,800
We recommend approval.

This request is for \$79,800 for working drawings and interpretive planning for construction of day use facilities at Ayala Cove, North Garrison, East Garrison, and West Garrison at Angel Island State Park in San Francisco Bay. Specifically, the project calls for development of new day use facilities, renovation of historic buildings, site preparation and surface drainage, sanitary facilities, water systems, electrical and telephone systems, landscaping and irrigation, and interpretive displays. The total cost of the project is estimated to be \$1,141,474.

We recommend approval because renovation of existing facilities and historic buildings, and construction of new day use facilities and utilities is needed at this large urban park unit.

- (d) *Bale Gristmill State Historic Park—entry and parking,
working drawings.....* \$43,900

We recommend approval.

The department requests \$43,900 for working drawings for construction of a new access road, day use parking, a pedestrian bridge and trails at the south end of Bale Gristmill State Historic Park. This is part of an ongoing project to restore the mill and relocate the access road and parking area. The total cost of the project is estimated to be \$260,600.

We recommend approval because the proposed relocation of the entrance road and parking area will greatly improve visitor convenience at this popular park unit.

(e) *Bodie State Historic Park—stabilization \$339,950*

We recommend approval.

This project proposes \$339,950 for stabilization of historic structures, application of fire retardant, water system improvements and installation of burglar and fire detection systems at Bodie State Historic Park. This is a continuing project which is being accomplished by day labor.

We recommend approval because structural stabilization and increased fire protection is needed for the historic structures at Bodie.

(f) *Clear Lake State Park—campground construction \$948,475*

We recommend approval.

The department proposes \$948,475 for construction of a new campground on the north shore of Clear Lake State Park. The project consists of construction of two combination dressing and sanitary facilities, 65 tent campsites with paved spurs, entrance road, trailer sanitation, day use parking, utilities and telephone service, landscaping, and irrigation. The total cost of the project is estimated to be \$1,026,900. Chapter 176, Statutes of 1975, Item 369(b) and Chapter 359, Statutes of 1978, Item 503(b) provided \$78,425 for preliminary planning and working drawings for this project.

We recommend approval because additional camping facilities are needed at this popular state park unit. The existing camping facilities are old, heavily used and will need to be renovated when the new facilities are completed.

(g) *Columbia State Historic Park—restoration Phase I \$493,866*

We recommend approval.

This request of \$493,866 is for Phase 1 restoration of the historic Fallon Theater at Columbia State Park. Specifically, the project will consist of structural stabilization of the basement foundation and understructure of the theater, replacement of the main theater floor and the electrical, plumbing, heating and ventilation systems. The total cost of Phase 1 is estimated to be \$687,057. Chapter 359, Statutes of 1979, Item 457(c), and Chapter 219, Statutes of 1977, Items 435(b) and (r) appropriated \$193,191 for preliminary planning, working drawings and initial restoration work.

We recommend approval because the theater is used by local groups and the University of the Pacific Theater Arts Department. The department has assured us that the theater will be usable following completion of Phase 1 in the event that funds for Phase 2 are not immediately available.

(h) *Folsom Lake State Recreation Area—Beale's Point*

DEPARTMENT OF PARKS AND RECREATION—Continued

Campground and day use, working drawings \$156,100

We recommend approval.

This project proposes \$156,100 under Item 578(h) and \$54,000 under Item 585(f) for working drawings for construction of a 28-acre swimming beach, 500 car parking area, 130 picnic sites, improved entrance road, beach sanitary facilities, concession facilities, and utilities at Beale's Point, Folsom Lake State Recreation area. The project also includes rehabilitation of an existing campground and associated sanitary facilities and construction of 19 new camp sites. The total cost of the project is estimated to be \$2,814,575.

We recommend approval because additional day-use and camping facilities are needed at Folsom Lake State Park.

(i) *Fort Ross State Historic Park—visitors center, working drawings.....* \$62,750

We recommend deletion of \$62,750.

This request is for \$62,750 for working drawings to construct a visitors center at Fort Ross State Historic Park in Sonoma County. The visitors center would be constructed on a wooded hill overlooking the fort area from the north. Included in the 4000 square foot building would be a lobby area, a lounge, an observation area, an office, a library and document storage room, and a multipurpose room for audiovisual presentations, and interpretive displays. Sanitary facilities and an outdoor patio area would also be provided. The total cost of the project is estimated to be \$661,442.

We recommend denial because:

(1) Adequate visitor facilities can be incorporated into a reconstructed historic building in the fort rather than being placed in a separate, expensive building removed from the fort. Reconstruction of the fort and its historic buildings should be given priority. Funds are presently available for reconstruction of the Kuskov House and the official's Barracks. Additional funding is needed for reconstruction of the Fur Barn and the Employees Barracks and for restoration of the Rotchev House.

(2) Construction of a separate visitors center will require that both the visitors center and the fort be staffed at all times. Placement of the visitor center in the fort will require that only one facility be attended.

(3) The Legislature, in the Budget Act of 1978, denied the department's request for reappropriation of a previous appropriation for construction of a visitors' center at Fort Ross. In taking this action, the Legislature indicated to the department that a separate, expensive visitor center is not needed at this unit.

(j) *Humboldt Redwoods State Park—sewer, working drawings and construction* \$496,300

We recommend approval.

This request is for \$496,300 to construct a new sewer system to replace an old, deteriorated system at Burlington Campground in Humboldt Redwoods State Park. Specifically, the project includes construction of gravity sewers, lift stations, a force main, septic tanks, and leach field. The total estimated cost of the project is \$500,500.

We recommend approval because replacement of the sewage system is necessary to service the 58-unit campground, the park entrance station, 13 employee residences, a proposed 30-person dormitory for seasonal employees, and the area headquarters building.

(k) *Malibu Creek State Park—campground, working drawings* \$210,420

We recommend approval.

This request is for \$210,420 for working drawings, surveys and archeological investigations leading to construction of two campgrounds and other related facilities at Malibu Creek State Park. Specifically, the project consists of construction of a 60-unit family type campground, a 90-person primitive group camp, a campfire center, a trailer sanitation station, a concrete bridge, sanitary facilities, an entrance kiosk, underground utilities, landscaping and irrigation. The total cost of the project is estimated to be \$1,711,500.

We recommend approval because development of camping facilities and additional day use facilities is needed at this urban park in the Santa Monica Mountains.

(l) *Old Sacramento State Historic Park—49 scene, site development* \$524,100

We recommend approval.

The requested \$524,100 is for site development for the 49-scene in Old Town Sacramento State Historic Park. The project provides for demolition of existing catacombs under the sidewalks, construction of retaining walls, filling of a one-half block area with compacted material, landscaping, irrigation, area lighting and utilities. The purpose of the project is to provide a landscaped public space in Old Town Sacramento and an improved site for future reconstruction of historic buildings. The Budget Act of 1978, Item 503(e) appropriated \$162,500 for working drawings and archeological investigations.

We recommend approval because development of public open space at this location would complement the adjacent California State Railroad History Museum, which will open in the spring of 1981.

(m) *Clean Water Grant—state reimbursement* —\$80,625

(n) *Clean Water Grant—federal reimbursement* —\$483,750

We recommend approval of both reimbursements.

These reimbursements from state and federal clean water grant funds represent one-half of the planned expenditures for construction of sewer facilities at Angel Island State Park.

DEPARTMENT OF PARKS AND RECREATION

Items 579-580 from the State
 Beach, Park, Recreational and
 Historical Facilities Bond
 Fund of 1974

Budget p. R 138

Requested 1980-81	Reappropriation and Reversions
Recommendation pending	Reappropriation and Reversions

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation. Additional information is needed for evaluation of the requested reappropriations and reversions for capital outlay budgets.

Item 579 contains requests for reappropriations of unexpended balances for 32 capital outlay acquisition and development projects for the Department of Parks and Recreation. The reappropriations are shown on pages 167-170 of the Budget Bill.

Item 580 contains requests for reversions of unexpended balances for 24 capital outlay acquisition and development projects for the department. The reversions are shown on pages 170-173 of the Budget Bill.

We defer recommendation on these items until the department submits additional information.

DEPARTMENT OF PARKS AND RECREATION

Item 581 from the State Beach,
 Park, Recreational and His-
 torical Facilities Bond Fund of
 1974

Budget p. R 138

Requested 1980-81	\$157,819
Recommended approval	157,819

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item provides \$157,819 for administration of local grants projects financed from the 1974 Park Bond Act. This item is a reimbursement to the department's general support budget Item 256.

DEPARTMENT OF PARKS AND RECREATION

Item 582 from the State Beach,
Park, Recreational, and His-
torical Facilities Bond Fund of
1974

Budget p. R 138

Requested 1980-81	\$3,285,505
Recommended approval	3,285,505

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The 1974 State Beach, Park, Recreational, and Historical Facilities Bond Act authorized a \$90 million grant program to local governments. The purpose of this program was to provide funding allocated on a per-capita basis for local parks as determined by local priorities. Local governments utilize some of the grant funds in combination with federal matching funds.

This item appropriates \$3,285,505 for 46 projects, as enumerated on pages 173-176 of the Budget Bill. The grants are locally approved as prescribed in the bond act and represent decisions made by local government.

DEPARTMENT OF PARKS AND RECREATION

Item 583 from the State Beach,
Park, Recreational, and His-
torical Bond Fund of 1974

Budget p. R 138

Requested 1980-81	Reversions
Recommended approval	Reversions

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item is for reversion of 24 local grant projects shown on pages 176-178 of the Budget Bill. These reversions represent local government decisions.

DEPARTMENT OF BOATING AND WATERWAYS

Item 584 from the State, Urban,
and Coastal Park Bond Fund
of 1976

Budget p. R 103

Requested 1980-81	\$823,780
Recommended reduction	490,000
Net recommended approval	333,780

ANALYSIS AND RECOMMENDATIONS

(a) *Lake Perris, Riverside County—development* \$490,000

We recommend deletion of \$490,000 pending a demonstration that additional boating use will have no adverse effects.

Lake Perris State Recreation Area, the terminal reservoir of the State Water Project, is located near the town of Perris in Riverside County. The proposed project provides for improvements to a boat launching facility, including an additional 5-lane launching ramp, expanded parking, and new access roads. The most recent cost estimate by the Office of the State Architect shows that costs exceed the amount budgeted by \$45,700. We understand that the Department of Finance will propose an amendment to the Budget Bill to provide the additional funding.

We recommend that this request be denied because construction authority for this 5-lane launching ramp and expanded parking area was denied by the Legislature at the time the initial facilities were constructed. At that time, Legislature expressed a concern that boating could become excessive and interfere with the other uses of the reservoir including on-shore use of the beaches and camping facilities. We recommend disapproval pending a demonstration by the Department of Boating and Waterways that addditional boating use will have no adverse effects.

(b) *Preliminary planning* \$30,000

We recommend approval.

This request provides the Department of Boating and Waterways with funds for the planning of new boating facilities at reservoirs of the State Water Project.

(c) *Minor capital outlay.....* \$303,780

We recommend approval.

This request provides for minor capital outlay projects at (1) Castaic Lake, (2) Davis Lake, (3) Thermalito Afterbay, (4) Pyramid Reservoir, and (5) San Luis Reservoir.

We recommend approval because all of the projects qualify for minor capital outlay funding and they are reasonable in scope.

DEPARTMENT OF PARKS AND RECREATION

Item 585 from the State, Urban,
and Coastal Park Fund

Budget p. R 138

Requested 1980-81	\$9,489,503
Recommendation pending	3,152,650
Net recommended approval	6,336,853

ANALYSIS AND RECOMMENDATIONS

(a) *Design and construction planning* \$885,474

We recommend approval.

This request is for a reimbursement to the department's general support Item 256 for preliminary planning of capital outlay acquisition and development projects funded from the 1976 Urban and Coastal Park Bond Fund.

(b) *Candlestick Point State Recreation Area—day-use construction* \$1,800,000

We recommend approval.

The department proposes \$1 million from the Bagley Conservation Fund under Item 529 and \$1,800,000 from the State, Urban, and Coastal Park Bond Fund under this item for construction of site improvements and new day-use facilities, estimated to cost \$2,800,000 at Candlestick Point State Recreation Area.

This request is the third phase of construction. The site is a large 170 acre urban recreation area on San Francisco Bay. The first phase consisted of site preparation and construction of interim facilities using federal funds, and the second phase consisted of working drawings and construction of utility lines and irrigation systems costing an estimated \$1,250,000. The third phase calls for grading and the construction of drainage, access roads, bicycle and hiking trails, paved parking, sanitary facilities, a contact station, additional landscaping and irrigation, and interpretive displays.

The Legislature has assigned high priority to completion of this urban park which is adjacent to the heavily populated Hunters' Point area in San Francisco.

(c) *Castaic Lake State Recreation Area—working drawings and construction* \$1,490,350

We recommend approval.

This project proposal is for \$1,490,350 for construction of a multi-use recreation area at Castaic Lake State Recreation Area in Los Angeles County. The project includes construction of roads and parking areas, 60 walk-in campsites, two sanitary facilities, two mobilehome sites, sewage disposal systems, water well and storage tank, electric utilities, and landscaping. The total cost of the project is estimated to be \$1,501,000.

Development of additional day-use and camping facilities is needed at this heavily used park in southern California.

DEPARTMENT OF PARKS AND RECREATION—Continued

(d) *China Camp State Park—working drawings and construction* \$704,922
We recommend approval.

This request is for \$704,922 to prepare working drawings and construct camping and day-use facilities and to restore historic structures and a fishing pier at China Camp State Park. Specifically, the project consists of day-use and camping facilities in the Back Ranch Valley area and structural stabilization and restoration of 13 historic buildings in the China Camp Village. Also included are construction of roads, parking areas, and utilities and structural repairs to a fishing pier. The total cost of the project is estimated to be \$713,142.

Development of day-use and camping facilities at this recently acquired urban park unit on San Francisco Bay is needed. In addition, structural stabilization and restoration of the historic structures in the China Camp Fishing Village should be started as soon as possible in order to prevent further deterioration.

(e) *Empire Mine State Historical Park—water system construction.....* \$553,035

We recommend approval.

This request is for \$553,035 for construction of a water system and irrigation system, and for landscaping of gardens and grounds at Empire Mine State Historic Park in Nevada County. The project consists of 8,000 feet of water line, a 150,000 gallon storage tank, a 5-acre irrigation system, and 13 acres of landscaping and garden restoration. Chapter 359, Statutes of 1978, Item 512(A) appropriated \$639,100 for restoration of historic buildings at Empire Mine which is now underway.

Our analysis indicates that the water systems at Empire Mine are old and are in need of replacement.

(f) *Folsom Lake State Recreation Area—Beale's Point Camp Ground and day use, working drawings.....* \$54,000

We recommend approval.

This project proposes \$156,100 under Item 578(h) and \$54,000 under Item 585(f) for working drawings for construction of a 28-acre swimming beach, 500-car parking area, 130 picnic sites, improved entrance road, beach sanitary facilities, concession facilities, and utilities at Beale's Point, Folsom Lake State Recreation Area. The project also includes rehabilitation of an existing campground and associated sanitary facilities and construction of 19 new camp sites. The total cost of the project is estimated to be \$2,814,575.

Additional day-use and camping facilities are needed at Folsom Lake State Park.

(g) *McGrath State Beach—acquisition* \$3,000,000

We withhold recommendation, pending completion of the appraisal of the property.

This request is for \$3,000,000 to acquire 28 acres of undeveloped coastal dune property for addition to McGrath State Beach in Ventura County. The proposed acquisition is immediately north of the Mandalay power station.

This property is a logical addition to the existing state beach, and it

would serve to eliminate uncontrolled access by off-highway vehicles to state property. We withhold recommendation, however, because the department has not completed an appraisal as required by Chapter 1080, Statutes of 1979. The department indicates that the required appraisal will be completed in advance of budget hearings.

(h) *Pyramid Reservoir—campground and day use, working drawings and construction* \$594,350

We recommend approval.

This request is for \$594,350 for working drawings and construction of an access road and water well at Pyramid Reservoir in Los Angeles County. This project is the first phase of a multi-phase development of day-use and camping facilities which would cost an estimated \$4.4 million to complete.

Development of recreational facilities at this state water project reservoir is needed.

(i) *Refugio State Beach—campground, working drawings* \$152,650

We withhold recommendation pending further review of the project.

This request is for \$152,650 for working drawings for construction of an additional campground at Refugio State Beach. Specifically, the project consists of construction of a 48-unit campground for recreational vehicles, a trailer sanitation station, three combination dressing, sanitary facilities, a contact station, underground utilities, paved parking, landscaping and irrigation, and a pedestrian overpass. The total estimated cost of the project is \$1,777,695.

There is a need for additional camping facilities along the Santa Barbara Coast. We withhold recommendation on this project, however, because further review of the department's plan is necessary. The project would place the campground on a site which will be separated from the beach by the Southern Pacific rail line. Although the project includes a pedestrian bridge over the railroad and a protective fence, children would be certain to cross the track at other unprotected points to get to the beach. Refugio State Beach has no other open property for development. However, El Capitan State Beach which is nearby will soon be expanded to the south by a new acquisition. This acquisition may be a better location for the proposed campground.

(j) *Statewide archaeology* \$254,722

We recommend approval.

This request is for \$254,722 for archaeological investigations of state park construction projects which are funded from the State, Urban, and Coastal Park Bond Fund.

WILDLIFE CONSERVATION BOARD

Items 586 from the from the
State, Urban, and Coastal
Park Fund of 1976

Budget p. R 94

Requested 1980-81	Reappropriation
Recommended approval	Reappropriation

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The State, Urban and Coastal Park Bond Act of 1976 provided \$15 million for the acquisition or development of areas to sustain wildlife, provide recreation and furnish public access to lands or waters for fishing and hunting. The Budget Act of 1977, Item 411 (a) contained \$100,000 from the bond fund to provide acquisition and development planning funds pursuant to the bond act. This planning includes appraisals, title reports, surveys, engineering studies and Environmental Impact Reports.

The request under this item is to reappropriate the undisbursed balances of the amount contained in the Budget Act of 1977. Thus, the funds to continue the necessary planning effort would be available until June 30, 1981. We recommend approval.

DEPARTMENT OF PARKS AND RECREATION

Items 587-588 from the State,
Urban, and Coastal Park Fund
of 1976

Budget p. R 138

Requested 1980-81	Reappropriations and Reversions
Recommendation pending	Reappropriations and Reversions

ANALYSIS AND RECOMMENDATIONS

We withhold recommendation. Additional information is needed for evaluation of the requested reappropriations and reversions for capital outlay projects.

Item 587 contains requests for reappropriations of unexpended balances for 16 capital outlay acquisition and development projects for the Department of Parks and Recreation. The reappropriations are shown on pages 180-182 of the Budget Bill.

Item 588 contains requests for reversions of unexpended balances for nine acquisition and development projects for the department. The reversions are shown on pages 182-184 of the Budget Bill.

We defer recommendation on this item pending receipt of additional information.

DEPARTMENT OF PARKS AND RECREATION

Item 589 from the State, Urban,
and Coastal Park Fund

Budget p. R 138

Requested 1980-81	\$304,688
Recommended approval	304,688

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item provides \$304,688 for administration of local grants projects financed from the 1976 Park Bond Fund. This item is a reimbursement to the department's support Item 256.

DEPARTMENT OF PARKS AND RECREATION

Item 590 from the State, Urban,
and Coastal Bond Fund of
1976

Budget p. R 138

Requested 1980-81	\$4,283,864
Recommended approval	4,283,864

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The 1976 State, Urban, and Coastal Park Bond Act provides \$85 million for grants to counties, cities, and districts. These grants are for acquisition, development, or restoration of real property for urban parks, beaches, recreation, and historical preservation projects.

This item appropriates \$4,283,864 for 73 projects enumerated on pages 184-189 of the Budget Bill. The grants are locally approved as prescribed in the Budget Act and represent decisions made by local government.

DEPARTMENT OF PARKS AND RECREATION

Item 591 from the State, Urban,
and Coastal Park Board Fund
of 1976

Budget p. R 138

Requested 1980-81	Reversion
Recommended approval	Reversion

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item is for reversion of 15 local grant projects shown on pages 189 and 190 of the Budget Bill. These reversions represent local government decisions.

STATE COASTAL CONSERVANCY

Item 592 from the State Coastal
Conservancy Fund

Budget p. R 112

Requested 1980-81	\$896,983
Estimated 1979-80.....	884,623
Actual 1978-79	454,478
Requested increase (excluding amount for salary increases) \$12,360 (+1.4 percent)	
Total recommended reduction	\$100,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Pre-Project Feasibility Planning. Reduce Item 592 by \$100,000 because the total amount requested is not needed.* 1711

GENERAL PROGRAM STATEMENT

Chapter 1441, Statutes of 1976, established the State Coastal Conservancy in the Resources Agency. The activities of the conservancy are unique and without precedent.

Authorization was granted in the law to acquire land, undertake projects, and award grants for the purposes of: (1) preserving agricultural land and significant coastal resources, (2) consolidating subdivided land, (3) restoring wetlands, marshes, and other natural resources, (4) developing a system of public accessways, and (5) improving urban-related land uses such as waterfront restoration.

In general, the projects must (a) conform to California Coastal Act policies, (b) be approved by the Coastal Commission, or (c) be in conformity with a local coastal program (LCP).

The conservancy consists of the chairperson of the Coastal Commission, the Secretary of the Resources Agency, the Director of Finance, and two public members.

ANALYSIS AND RECOMMENDATIONS

The conservancy is funded from \$10 million provided by the State, Urban, and Coastal Bond Act of 1976. Of this amount, \$7 million was appropriated by the Legislature in the Budget Act of 1978 for capital outlay expenditures, while \$3 million remained for support or other requirements. The budget shows an unappropriated surplus of \$1,673,687 in the State Coastal Conservancy (Fund) at the end of the budget year.

The conservancy is requesting a support appropriation from the State Coastal Conservancy (Fund) of \$896,983 for the budget year which is an increase of \$12,360, or 1.4 percent, over the current year. This amount will increase by the amount of any salary or staff benefits increase approved for the budget year. The request consists of \$408,054 for personal services; \$188,929 for operating expenses; and \$300,000 for pre-project feasibility planning.

Table 1 shows the conservancy's support budget and personnel-years of staff assistance for the period of its existence. Grants and pre-project feasibility funds are excluded. At the end of the budget year, \$1,813,102, or 60 percent of the \$3 million available for support will have been expended. Based on an average expenditure of \$545,000 since 1978-79, the \$3 million will be depleted by the end of the 1982-83 budget year. Additional funding sources must be obtained if the conservancy is to maintain its existing support level beyond 1982-83.

Table 1
State Coastal Conservancy
Support Expenditures by Fiscal Year

	<i>Actual 1977-78</i>	<i>Actual 1978-79</i>	<i>Estimated 1979-80</i>	<i>Proposed 1980-81</i>
State Coastal Conservancy (Fund)	\$177,018	\$454,478	\$584,623	\$596,983
Personnel-Years	(5.4)	(16.4)	(16)	(15)

Pre-project Feasibility Planning

We recommend a reduction of \$100,000 in pre-project feasibility planning because the total amount requested is not needed.

Each year, the conservancy has received \$300,000 for pre-project feasibility planning. The money enables the conservancy to determine the feasibility of undertaking new projects based on environmental, economic, or design information secured from the studies. Depending on the results of the studies, the project may be approved for implementation through grants, property acquisition or by other means available to the conservancy.

In the 1979 Budget Act, the Legislature transferred the \$300,000 for pre-project feasibility studies to the support appropriation from the capital outlay appropriation. This was done to conform to state budget practices and to eliminate the need for Public Works Board review of expenditures from the \$300,000 allocated.

Plans have been prepared for several projects, including the Seal Beach waterfront restoration project, the San Dieguito Lagoon enhancement project, and the Aliso Greenbelt project. (The last two projects are proposed for funding from the California Environmental License Plate

STATE COASTAL CONSERVANCY—Continued

Fund (ELPF) in Item 526.) By the end of the current year, the conservancy estimates that studies of all 30 current projects undergoing planning will be completed. As of December 1979, approximately \$210,000 was expended for pre-project feasibility planning. The planning expenditures in 1979-80 are estimated at \$192,000. Approximately \$402,000 in pre-project funds will have been expended by the end of the current year.

Thus, annual expenditures have been at the rate of approximately \$200,000, although \$300,000 has been made available each year. The budget would again appropriate \$300,000 for pre-project feasibility work. Based on the expenditures to date, the full amount of \$300,000 is not needed; \$200,000 would be sufficient. We recommend a reduction of \$100,000 for pre-project planning work because \$200,000 is a more realistic estimate of needs based on past experience.

Coastal Public Access Program

The conservancy's enabling legislation authorizes it to develop a system of public accessways. Operating under this authority, the conservancy awarded 13 grants totaling \$158,971 to local governments in the current year for access projects and site improvements.

Chapter 840, Statutes of 1979, refined the conservancy's role in providing public accessways. It authorized the conservancy to provide coastal access grants to local and state agencies in cooperation with the California Coastal Commission, which must approve the access sites. In order to finance implementation of Chapter 840, the conservancy is proposing funding from a variety of sources in the budget year:

- (a) \$750,000 in Coastal Energy Impact Program (CEIP) funds from the federal government,
- (b) \$500,000 from the proposed Energy and Resources Fund, in Item 527, and
- (c) \$150,000 to be expended from its own capital outlay appropriation.

This funding constitutes a major expansion to an ongoing program. However, no program for the expenditures is available. It is also not clear to what extent the conservancy will undertake acquisition projects or provide grants to other agencies for the acquisition. For these reasons, we recommend deletion of the \$500,000 from the Energy and Resources Fund in Item 527.

Future Funding

The conservancy's authorized funding sources will finance its present level of planning and project implementation until the 1982-83 budget year. Thereafter, the conservancy must look to new funding sources. The two main new sources are: (1) the \$495 million coastal general obligation bond issue which will be voted upon in June, 1980 (SB 547), and (2) enactment of legislation to establish the Energy and Resources Fund, as proposed by the Governor's Budget, using a portion of the increase in the state's tidelands oil and gas revenues.

Federal Funds and Position Count Understated

In accordance with Section 28 of the 1979 Budget Act, the conservancy notified the Legislature that it expects to receive a \$75,000 grant from the U.S. Department of Housing and Urban Development (HUD) this calendar year. The grant will be used to provide technical assistance to local governments on low and moderate income housing issues in the coastal zone, and to evaluate the impact of housing on conservancy projects.

In the current year, \$50,000 of the grant will be spent leaving \$25,000 for expenditure in the budget year. The grant will also continue one position previously funded through Title II of the Public Works Employment Act (PWEA). Because the federal grant was not included in the 1979 Budget Act, federal funds and total program expenditures are understated by \$50,000. Also, the \$25,000 to be spent in the budget year is not included in the 1980-81 budget. Continuation of the one position will increase the personnel-years in 1979-80 from 16 to 16.3, and in 1980-81 from 15 to 15.7. The position and funds should have been included in the budget. In addition, the \$750,000 CEIP grant, which the conservancy expects to receive from the federal government, does not show in the budget year.

STATE COASTAL CONSERVANCY

Item 593 from the State Coastal Conservancy Fund

Budget p. R 114

Requested 1980-81 Reappropriation

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Item 593. Budget Control language. Recommend deletion of Budget Control Language requiring legislative review of conservancy projects prior to Public Works Board approval, because it is no longer needed. 1714
2. Add New Item. Recommend addition of Item 593.5 to transfer two coastal enhancement projects, totaling \$265,350, from Item 526 to the unappropriated surplus in the State Coastal Conservancy (Fund). 1714

ANALYSIS AND RECOMMENDATIONS

Item 593 reappropriates the estimated undisbursed balance in Item 520.1 of the Budget Act of 1978 (\$3,086,789). Item 520.1 appropriated a lump sum of \$7,000,000 to the conservancy for unspecified capital outlay purposes. The item was included in the Budget Act by the Department of Finance as capital outlay in order that the Public Works Board would have to approve all expenditures from it, except for local assistance projects.

In our *Analysis of the 1979 Budget Bill*, we stated that the conservancy's capital outlay expenditure estimate of \$4.0 million for the current year was optimistic. As it turns out, this observation was correct. To date only \$820,000 of the \$4.0 million has been expended. The capital outlay expendi-

STATE COASTAL CONSERVANCY—Continued

ture estimate for 1980-81 is \$2 million. This is a more realistic figure than in previous years.

Item 593, Budget Control Language

We recommend deletion of control language in Item 593 which requires review of conservancy projects by a Legislative Joint Oversight Committee, because it is no longer needed.

Control language was added to the 1979 Budget Act to require the conservancy to bring its 1979-80 capital outlay projects before the Senate Finance and Ways and Means Subcommittees which hear the conservancy's budget. This was done to provide legislative oversight of the projects in lieu of scheduling them in the Budget Act. The language reads:

“. . . provided further, that not less than 30 days prior to approval of any State Coastal Conservancy project by the State Public Works Board, the Executive Officer of the State Coastal Conservancy shall notify the chairman of the fiscal subcommittee in each house which considers appropriations for the State Coastal Conservancy, of the proposed project. The chairmen of the two fiscal subcommittees are hereby constituted a Joint Oversight Committee of the State Coastal Conservancy for purposes of reviewing State Coastal Conservancy projects. After reviewing such projects and conferring with other members of the fiscal subcommittees to the extent feasible, the fiscal subcommittee chairmen may make recommendations to the State Public Works Board regarding the projects. It is the intention of the Legislature that the State Public Works Board shall consider and implement the recommendations of the fiscal subcommittee chairmen to the extent possible.”

Subsequent to enactment of the 1979 Budget Act, the Legislature passed Chapter 930 which authorized 3 members of each house to meet with the conservancy and participate in its activities. As of February 1, not all of the appointments had been made.

Creation of this advisory committee was intended to provide a statutory mechanism for legislative review of the conservancy's projects. For this reason, the budget language is no longer needed, and we recommend that it be deleted.

Item 593.5, Coastal Enhancement Projects

We recommend the addition of Item 593.5 to transfer \$265,350 for two coastal enhancement projects, which the budget proposes to fund from the California Environmental License Plate Fund in Item 526, to the unappropriated surplus in the State Coastal Conservancy Fund.

In our analysis of Item 526, we recommend that the item be deleted because sufficient funds are available for the proposed projects from the unappropriated surplus of the State Coastal Conservancy Fund.

Thus, we recommend that Item 593.5 be added to the 1980 Budget Bill to fund the two coastal enhancement projects. The recommended language is shown under Item 526.

UNIVERSITY OF CALIFORNIA

Item 594 from the Health
Sciences Facilities Construc-
tion Program Fund (bonds)

Budget p. E 108

Requested 1980-81	\$1,295,000
Recommended approval	1,035,900
Recommended reduction	259,100
Recommended augmentation	110,000
Net recommended approval	1,145,900

ANALYSIS AND RECOMMENDATIONS

In the 1972 general election, the voters approved a \$155.9 million health sciences facility construction program bond fund to provide expansion, development and construction of health science facilities at the University of California. This item provides \$1,295,000 from the bond fund for six projects at five campuses. The university's estimated future cost to complete the proposed projects is \$4,310,000.

According to the Governor's Budget, if this item is approved as submitted to the Legislature, there will be approximately \$2.3 million in the bond fund to meet future obligations. Although the Governor's Budget reflects insufficient funds to complete the proposed program, the university anticipates additional interest income on unexpended amounts and there may be additional savings in previously approved projects. However, if adequate bond funds are not available, other sources such as the General Fund or the Capital Outlay Fund for Public Higher Education would be required to complete the program.

A summary of the projects in the 1980-81 capital improvement program and our recommendations for each are shown in Table 1.

Table 1
University of California Health Sciences
Capital Improvement Program 1980-81

Item	Campus	Project Title	Phase ^a	Budget Bill Amount	Analyst's Proposal	Estimated Future Cost ^b
594(1)	San Diego.....	Clinical cardiology expansion and relocation—UCMC	e	\$130,000	\$106,300	-0-
594(2)	San Francisco	Clinic and medical science building alterations, Step 3	e	501,000	459,600	-0-
594(3)	Davis	Medical sciences Unit 1 alterations, Step 3	wc	355,000	355,000	-0-
594(4)	Los Angeles ..	Health sciences center alteration (released school of nursing space for biomedical library)	c	194,000	-0-	\$51,000
594(5)	Irvine	UCIMC—library module building	w	25,000	25,000	684,000
594(6)	Davis	Veterinary medicine expansion, San Joaquin Valley clinical facility	p	90,000	200,000	3,575,000
	Totals.....			\$1,295,000	\$1,145,900	\$4,310,000

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

^b University estimate.

UNIVERSITY OF CALIFORNIA—Continued**San Diego Campus**

We recommend that Item 594(1), equip clinical cardiology expansion and relocation—UCMC, be reduced by \$23,700.

The primary purpose of the clinical cardiology expansion and relocation project is to modernize and expand the clinical cardiology unit at the University of California Medical Center. The unit currently occupies approximately 700 assignable square feet (asf) in the basement. Upon completion of the alteration project—for which construction funds were provided in the Budget Act of 1979—the unit will occupy 1,451 asf on the third floor of the hospital. The alteration project has proceeded on schedule and some equipment funds will be needed in the budget year.

The proposed equipment funds totaling \$130,000 exceed the university's cost guidelines for medical facilities. According to university equipment cost guidelines and taking into consideration existing equipment, the requested amount should not exceed \$106,300. Consequently, we recommend that Item 594(1) be reduced by \$23,700.

San Francisco Campus

We recommend that Item 594(2), equip clinic and medical science building alterations, step 3, be reduced by \$31,400.

The project to alter the clinic and medical science building represents the third and final step of alterations to on-campus space reassigned to the School of Dentistry. The altered space will provide faculty offices, clinics and research laboratories. The proposed equipment list includes items that are either unrelated to the alterations project or are replacement of existing equipment. We recommend that these items, which total \$41,400, be deleted from this request. If such equipment is necessary, the university should provide justification for funding in the normal manner from the equipment allocation in the support budget.

Davis Campus

We recommend approval of Item 594(3), working drawings and construct-medical sciences unit I alterations, step 3.

This \$355,000 request represents the fourth and final phase of a program to alter space in the new medical sciences unit I building to satisfy the programmatic needs of the School of Veterinary Medicine. The building was programmed and designed as a permanent basic science facility for use exclusively by the School of Medicine. However, the building was planned for a medical school class size of 128. Because the class size will remain at 100 and the veterinary class size has been increased from 100 to 128 students, the university determined, and the administration and Legislature concurred, that veterinary medicine should occupy a portion of the medical sciences unit I. The work proposed in the budget year is consistent with the approved program and we recommend approval.

Los Angeles Campus

We recommend that Item 549(4), construct health sciences center alteration (released School of Nursing space for biomedical library) be deleted, a savings of \$194,000.

This request is for \$194,000 to remodel approximately 4,000 asf of space in the biomedical library which is to be vacated by the School of Nursing when the school relocates to the Lewis B. Factor building. The remodeled space will provide a large reading room, study area, typing room, photocopy area and a staff conference room. The Budget Act of 1979 appropriated \$15,000 for preliminary plans and working drawings for this project.

At the time this analysis was prepared, preliminary plans had not been completed and there is no basis to substantiate the requested amount. In addition, given the delays in preparing preliminary plans, it is unclear that construction could begin in the budget year. Consequently, we recommend deletion of the requested construction funds.

Irvine Campus

We recommend approval of Item 594(5), working drawings—UCIMC, library modular building.

The university is planning to construct a 13,500 asf building at the University of California Irvine Medical Center (UCIMC). This represents the initial component of a modular facility which has been planned to accommodate future construction at the center on a project-by-project basis. This planned modular system should facilitate future expansion at relatively economical construction costs.

The current estimated total project cost including equipment for the initial component is \$2,454,000. Of this amount, the university is proposing state funding of \$684,000 with the remaining \$1,770,000 to come from nonstate sources. The state's participation would provide a 7,000 asf library within the component. The \$25,000 request in the budget is for the state's share of the cost to prepare preliminary plans and working drawings. Construction is planned to begin in mid-1981 and be completed in May 1982. Thus, construction funds will be requested in 1981-82.

The proposed amount of library space is within the university's space guidelines for medical libraries. The library will be capable of housing the medical center's need for 31,500 volumes and reader stations necessary to serve 443 students and 70 faculty. The existing library is inadequately housed in 2,522 asf which, because of its physical location, cannot be expanded. The proposed project will provide the necessary programmatic support of the College of Medicine at the center and the estimated costs are within state cost guidelines. Consequently, we recommend approval.

Davis/San Joaquin—Veterinary Medicine Clinical Facility

We recommend that Item 594(6), preliminary plans—veterinary medicine expansion, San Joaquin Valley clinical facility, be augmented to provide working drawing funds, an increase of \$110,000.

The proposed veterinary clinic in the San Joaquin Valley would serve as the main clinical teaching resource for the Food Animal Health Programs of the Davis School of Veterinary Medicine. The university has indicated that the volume of food animal medical cases currently present-

UNIVERSITY OF CALIFORNIA—Continued

ed to the campus teaching hospital is below the levels required for the teaching program. This is the result of the scarcity of food animals in the Davis area and particularly the larger commercial operators who are representatives of the livestock industry. According to the university the absence of adequate food animals in the Davis area is one reason few veterinary medicine graduates presently enter careers in food animal veterinary practice. The San Joaquin facility would provide ample opportunity for clinical experience, and the university estimates that the number of graduates entering food animal practice would increase from the current 8 or 9 to 20 or more per year. This end result is desirable and the state should encourage the development of this program.

The Budget Act of 1978 contained \$400,000 to purchase property in the San Joaquin Valley for development of the subject clinic. The Supplemental Report of the 1978 Budget Act stated legislative intent that the university was not to undertake any planning for development of the property until specifically authorized by the Legislature. The university has purchased a 140.7 acre parcel of land near the community of Tulare, Tulare County. The funds requested in the Budget Bill would provide the initial planning funds for development of the clinical facility.

Proposed Project. The veterinary medicine clinical facility would contain (1) a 7,940 afc hospital building, (2) 7,920 afc support space—offices, classrooms, laboratories, library, (3) 8,650 afc barn space plus (4) approximately 120 acres containing corrals and irrigated paddocks and pasture. The facilities would provide clinical training of fourth-year food animal veterinary students primarily in five clinical services, in the approximate proportions indicated below.

- | | |
|---|-----|
| 1. Emergency Field Service | 20% |
| 2. Programmed Herd Health Service | 40% |
| 3. In-House Service | 15% |
| 4. Field Problem Solving and Consultation Service | 10% |
| 5. Diagnostic Laboratory Service | 15% |

Current estimates indicate a total project cost, including equipment, of \$3.7 million. The university also estimates that annual support and operating costs for the clinic will be approximately \$492,000—\$358,000 state funds and \$134,000 clinical income.

The university's project schedule indicates that preliminary plans can be completed by February 1980 and working drawings would require an additional seven months. Thus, if working drawing funds are included in the Budget Bill, construction could begin early in 1981-82. However, if working drawings are not appropriated until 1981-82, construction could not begin until early 1982-83. The need for the clinical facility has been substantiated and the estimated costs are within state cost guidelines for facilities of this type. In an attempt to expedite the project and offset potential inflationary increases in the construction costs we recommend that working drawing funds in the amount of \$110,000 be added to the Budget Bill.

CONTROL SECTIONS

Sections 4 through 37 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.