

CAPITAL OUTLAY

SUMMARY

The Budget Bill includes a total of approximately \$300.5 million from all sources for capital outlay. This is 70 percent more than the appropriation included in the Budget Act of 1976. A summary of the distribution of the amounts in the budget is provided in Table 1.

Table 1
Summary of 1977-78 Budget Bill Capital Outlay Appropriations

<i>Organizational Unit</i>	<i>General Fund</i>	<i>Special Fund</i>	<i>Bond Funds</i>	<i>Total all Sources</i>
General Government.....	\$277,234	—	—	\$277,234
Agriculture and Services.....	92,605,475	—	—	92,605,475
Business and Transportation	—	\$3,142,910	—	3,142,910
Resources	8,115,258	6,108,954	\$51,395,857	65,620,069
Health and Welfare	29,899,409	—	—	29,899,409
Education	—	84,225,450	24,681,000	108,960,450
Total	\$130,897,376	\$93,477,314	\$76,076,857	\$300,505,547

General Fund

Approximately \$130.9 million or 43.5 percent of the total 1977-78 proposal is from the General Fund. This is three times the General Fund appropriation in the Budget Act of 1976. The major portion is for the Departments of General Services (\$91.7 million) and Health (\$23.1 million). The remainder is for a series of relatively minor projects in twelve other departments.

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

In addition to the appropriations included in the Budget Bill the Governor's Budget has set aside a \$94.2 million General Fund reserve for new prison facilities and upgrading San Quentin. The Department of Corrections is preparing a report outlining its facility needs. This report will be submitted to the Legislature in March 1977, and the reserve is in anticipation of construction needs which may be identified in the report.

Education

Slightly more than one-third of the capital outlay program is in education. The total of \$108.9 million includes \$18.7 for the Department of Education, Schools for the Deaf and Blind, Berkeley and \$90.2 million for the segments of higher education. The proposed amount is from special funds and bond funds and represents a 4.9 percent decrease from that provided in the Budget Act of 1976. The major differences are indicated in Table 2.

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Table 2
Capital Outlay for Education
Comparison of Appropriations
Budget Act of 1976 and Budget Bill 1977-78

<i>Segment</i>	<i>Fund</i>	<i>Budget Act of 1976 Amount</i>	<i>Budget Bill for 1977-78 Amount</i>
University of California	Health Science Bonds	\$22,889,000	\$24,681,000
University of California	COFPHE ^a	15,786,000	17,334,000
Hastings College of Law	COFPHE ^a	—	2,346,300
California State University and Colleges	COFPHE ^a	33,637,000	17,877,000
California Maritime Academy	COFPHE	243,000	840,550
California Community Colleges	COFPHE ^a	42,054,500	27,028,600
Department of Education	COFPHE ^a	—	18,799,000
Total		\$114,609,600	\$108,960,450

^a Capital Outlay Fund for Public Higher Education.

Other Programs

The capital outlay program for the Department of Parks and Recreation totals almost \$59.5 million. Of this amount, \$33.5 million is for coastal acquisitions from the State, Urban and Coastal Park Bond Act of 1976, \$13.8 million is for development from the State Beach, Park, Recreational and Historical Facilities Bond Act of 1974, \$5.3 million is for acquisition and development from the Collier Park Preservation Fund, \$2.76 million is for acquisition and development from the General Fund, \$2 million is for development from the Recreation and Fish and Wildlife Enhancement Bond Act of 1970, \$1.3 million is for development from the State Beach, Park, Recreational and Historical Facilities Bond Act of 1964, and \$785,639 is for development from the Bagley Conservation Fund.

We have recommended that approval of all proposed Department of Parks and Recreation capital outlay projects be withheld because more information and time is needed for adequate evaluation. In the areas of proposed acquisitions, we have emphasized the need to curtail appropriations for new projects until a large backlog of existing projects is substantially reduced. Further discussion of the department's acquisition program is included under Item 400.

Appropriation requests from the State Transportation Fund, Motor Vehicle Account total approximately \$3.1 million. Approximately \$1.9 million of this amount is for construction of new field offices and minor capital outlay for the Department of Motor Vehicles. The remaining \$1.2 million is for the California Highway Patrol Communications program, purchase of a leased facility and minor capital outlay.

Minor Capital Outlay

The Supplemental Report of the Committee on Conference relating to the Budget Act of 1976 included language that recommended "the Department of Finance budget all departmental minor capital outlay proposals under the capital outlay section of the Budget Bill beginning with the 1977-78 Budget Bill." This language was the result of our recommendation.

In our 1976-77 Analysis, we noted that the inclusion of minor capital outlay in the support and operating budget tended to increase budget baseline amounts and result in unsubstantiated increases in ongoing sup-

port and operations budgets. In view of this problem we recommend that minor capital outlay be included as an item in the capital outlay section of the Budget Bill. This method (1) provides the appropriate level of review by the administration and the Legislature, (2) assures the necessary capital improvements will be accomplished as intended and (3) prevents unsubstantiated increases in support budgets.

The Department of Finance has implemented the recommended budget changes. However, there appears to be confusion concerning the distinction between a capital outlay proposal and a maintenance requirement. Many of the projects included under minor capital outlay items reflect maintenance requirements that should be funded as ongoing need in the support and operating budget. We have evaluated the merit of the requests as they occur. This budgeting problem should be clarified prior to the budget hearings.

DEPARTMENT OF FOOD AND AGRICULTURE

Item 386 from the General

Fund

Budget p. 131

Requested 1977-78	\$553,500
Recommended approval	240,850
Recommended reduction	40,250
Recommendation pending	272,400

SUMMARY OF RECOMMENDATIONS

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1. *Truckee Inspection Station. Item 386(b). Reduce by \$40,250.* 1054
Recommend reduction of construction estimate.
2. *Remodel Chemistry Laboratory. Item 386(c). Withhold recommendation pending submittal of cost benefit analysis for open-space alterations.* 1054

ANALYSIS AND RECOMMENDATIONS

Agriculture Border Inspection Stations

The Truckee and Yermo inspection stations were built in 1960 and 1962 respectively. Their purpose is to provide an inspection terminal for the Pest Exclusion program.

For several years the department considered relocating the Yermo and Truckee inspection stations but recently concluded that this is not desirable. However, during the period of indecision, maintenance work was deferred, resulting in a need for major rehabilitation. Also, these facilities were built to accommodate significantly less automobile traffic than now exists. Thus, additional facilities must be built.

DEPARTMENT OF FOOD AND AGRICULTURE—Continued

Yermo Inspection Station

Item 386(a) to recondition the Yermo inspection station for \$54,700 consists of constructing a new truck office, providing an approved incinerator and installing a rumble strip to keep drivers alert. The amount requested is reasonable and we recommend approval.

Truckee Inspection Station

We recommend that Item 386(b) to recondition the Truckee inspection station be reduced by \$40,250 because the construction estimate is overstated.

This project provides \$226,400 to expand and repair the Truckee inspection station. A portion of the funds (\$47,000) is provided to conduct an archeological dig because the area proposed for expansion has been found to have Indian artifacts. Therefore, a survey and dig are necessary prior to construction. Because of the time required to accomplish this, the construction portion of the project will be phased over more than a single fiscal year. The original estimate was based on completing the entire project this year. The project cost was adjusted to reflect phasing but the construction contingency and the architecture and engineering fees were not properly reduced.

Also, the amount for construction contingency, architecture and engineering fees for projects of this type, should not exceed 18 percent of the construction cost. Application of the 18 percent factor for the first phase of this project results in a cost of \$186,150 or reduction of \$40,250 from the Budget Bill request of \$226,400.

Sacramento

We withhold recommendation on Item 386(c), in the amount of \$272,400 requested to convert chemistry laboratory space to office space, pending submittal of a cost benefit analysis for open office space alterations.

The department's chemistry laboratory is to be relocated in a new facility on Meadowview Road in Sacramento. The proposal under Item 386(c) is to convert the vacated laboratory space to open landscaped offices at an estimated cost of \$272,400.

Last year the Legislature requested the Department of General Services to evaluate the economic feasibility of open landscape office space. The department's report recommends "a cost benefit analysis should be done in each (instance) and conversion effected only when clearly beneficial".

We withhold recommendation pending receipt of such an analysis for this project.

MUSEUM OF SCIENCE AND INDUSTRY

Item 387 from the General
Fund

Budget p. 136

Requested 1977-78	\$127,875
Recommended approval	127,875

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We recommend approval.

Minor capital outlay projects are projects which cost \$100,000 or less. This request contains nine such projects in the amount of \$127,875, of which three are for painting, five for rehabilitation and repair of facilities and one for upgrading street lighting.

FRANCHISE TAX BOARD

Item 388 from the General
Fund

Budget p. 212

Requested 1977-78	\$147,400
Recommended approval	19,900
Recommended reduction	122,500
Recommendation pending	5,000

SUMMARY OF RECOMMENDATIONS

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1. *Minor Capital Outlay. Reduce by \$122,500. Recommend deletion of specific projects and withhold recommendation of one project for \$5,000.* 1055

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We recommend this item be reduced by \$122,500 to delete specific projects and withhold recommendation on \$5,000.

The Franchise Tax Board proposes seven minor capital outlay projects totaling \$147,400. Projects in this category provide new or additional facilities costing \$100,000 or less per project.

Of the board's seven projects four are related to leased space at the Aerojet Facility and three are for district offices.

Aerojet Facility. The first project is for \$56,500 to install new computer cables. This request was based on the assumption that the board would change its computer terminal vendor (Raytheon) which we now understand will not occur. Thus, this project will not be needed.

The second project is for \$21,000 for alterations related to the expansion of the board's computer capacity. Bids for equipment are being solicited

FRANCHISE TAX BOARD—Continued

and a contract award is scheduled for May. We withhold recommendation on \$5,000 of this project because it is dependent upon the final contract.

The third project is to expand the state's telephone system (ATSS) by two lines to Aerojet and provide two terminals at an estimated cost of \$12,500. The Department of General Services informs us that this project is not needed because the charges to connect ATSS lines are incorporated within the monthly rates. Therefore, we recommend this item be deleted.

The fourth project modifies the ventilation system to provide air-conditioning to the training room for \$3,900. We recommend approval.

District Offices. These three projects relate to district office alterations and additions. These proposals were submitted without specific information regarding the expenditures or the work to be accomplished. Without such information we cannot recommend the adequacy of these projects. Therefore, we recommend deletion in the amount of \$53,500.

DEPARTMENT OF GENERAL SERVICES

Item 389 from the General
Fund

Budget p. 230

Requested 1977-78	\$91,706,700
Recommended approval	777,100
Recommended reduction	15,932,700 ^a
Recommendation pending	74,996,900 ^a

^a Recommend that the portion of this amount that is for construction of new state building be transferred to special item for appropriation in Budget Acts of 1978 and 1979.

SUMMARY OF RECOMMENDATIONS

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1. State Office Building Construction. Recommend establishment of a special item in the Budget Bill providing a lump sum appropriation with control language limiting availability to future appropriation. 1059
2. Sacramento Capitol Area Development Plan. Recommend Capitol Area Plan meet state needs and assure maximum cooperation with local entities. 1059
3. Sacramento Capitol Area Development Plan. Recommend that the plan include specific long-range policies. 1059
4. Sacramento—New State Building (Site No. 2). Item 389(a). Recommend deletion of construction funds and withhold recommendation of planning funds pending completion of report on the Capitol Area Plan and receipt of information pertaining to each proposal. 1061
5. Sacramento—New State Building (Site No. 3) Item 389(b). Withhold recommendation on property acquisition pending completion of the Capitol Area Plan. 1061
6. Sacramento—New State Building (Site No. 3) Item 389(c). Recommend deletion of construction funds and withhold recommendation on planning funds pending completion of report on the Capitol Area Plan and receipt of information pertaining to the project. 1061
7. Sacramento—New State Building and parking garage (Site No. 1, Phase B). Item 389(e). Recommend deletion of construction funds and withhold recommendation on planning funds pending completion of the report on the Capitol Area Plan and receipt of information pertaining to the project. 1061
8. Sacramento—Department of Justice Building Item 389(d). Recommend deletion of construction funds for all elements except the computer center. 1061
9. Sacramento—Department of Justice Building Item 389(d). Withhold recommendation on construction funds for the computer center until completion of a computer facility consolidation plan and receipt of additional design and cost 1061

- information.
10. Sacramento—Department of Justice Building Item 389(d). 1062
Recommend deletion of specific elements of the building proposal plus a reduction in the overall building.
 11. Sacramento—Department of Justice Building Item 389(d). 1062
Recommend the Department of General Services provide a cost-benefit analysis for open-office planning and energy conserving heating/cooling system.
 12. Sacramento—Monitoring System, Central Heating and Cooling Plant Item 389(i). Withhold recommendation pending receipt of independent consultants' study. 1064
 13. Sacramento Area Development Item 389(k). Recommend reduction by deleting (1) redesign and construction of "O" Street as a mall between 8th and 9th Streets and (2) construction of pilot day care centers. 1064
 14. Sacramento Area Development Item 389(k). Withhold recommendation for construction of temporary parking facilities pending additional information and completion of the Capitol Area Development Plan. 1064
 15. *West Sacramento—Records Center and Disposal Equipment Item 389(p). Reduce by \$170,600.* Recommend deleting purchase of disposal equipment. 1065
 16. San Francisco—State Compensation Insurance Fund Building Item 389(f). Withhold recommendation on alterations pending additional information. 1066
 17. *San Francisco—State Building Item 389(n). Reduce by \$376,900.* Recommend deletion of alterations. 1066
 18. *Los Angeles Item 389(f). Reduce by \$280,400.* Recommend deletion of air-conditioning modifications, state buildings. 1066
 19. *Los Angeles/San Diego Item 389(h). Reduce by \$194,800.* Recommend deletion of sunscreens for state buildings. 1066
 20. *Long Beach Item 389(l). Reduce by \$10,410,000.* Recommend deletion of construction funds for new state building. 1066
 21. Long Beach Item 389(l). Recommend the \$10,410,000 deleted under Item 389(l) be deposited in a special item for future appropriation by the Legislature. 1066
 22. *San Jose Item 389(o).* Withhold recommendation of working drawings for a new state building. 1067
 23. *Statewide Item 389(j). Reduce by \$4,500,000.* Recommend deletion of energy retrofit for state buildings. 1067
 24. Statewide Item 389(m). Withhold recommendation on elevator modifications pending additional information. 1067

ANALYSIS AND RECOMMENDATIONS

The proposed capital outlay program for the Department of General Services totals \$91,706,700. This is \$70.3 million (329 percent) more than the current year appropriation. The major portion of the 1977-78 program is for planning and/or construction of new state office buildings in Sacra-

DEPARTMENT OF GENERAL SERVICES—Continued

mento (\$70,591,900), Long Beach (\$10,410,000) and San Jose (\$500,000). The remainder of the proposal consists of (1) property acquisition (2) energy conserving measures, (3) alterations and (4) minor capital projects (\$100,000 or less per project).

Need for State Office Space

We recommend establishment of a special item in the Budget Bill providing a lump sum appropriation with control language limiting availability to future appropriation by the Legislature in the Budget Acts of 1978 and 1979, for planning and construction of proposed state office buildings.

In 1976-77, the state paid \$36.5 million to lease office and warehouse space. In 1977-78, this cost is expected to increase by 4 percent to \$38 million. The state's cost for leased space in Sacramento, as of June 30, 1976, was \$10.1 million or approximately 28 percent of the statewide total. Lease costs in Sacramento have increased 50 percent over a two-year period.

The most economical solution to the state's space needs is long-term occupancy of state-owned buildings. For this reason, we have consistently recommended that the state build necessary facilities instead of leasing private facilities. The budget proposal is consistent with that recommended policy. However, the total amount of funds requested cannot be committed during the budget year. Planning for many of the proposals is in the conceptual stage and preliminary plans have not been started. In some cases, property must be purchased before planning can begin. In addition, Environmental Impact Reports, acoustical studies, energy conservation studies, and building life cycle studies must be completed. Because of factors such as these, appropriate building sizes cannot be determined, building locations cannot be verified, and estimated costs cannot be considered accurate.

Prior to appropriating funds for specific projects, the Legislature should have adequate substantiating documentation. Thus, in order to assure adequate legislative review and availability of construction funds, we recommend establishment in the Budget Bill of a special item which contains a lump sum to be appropriated by the Legislature for specific projects in the Budget Acts of 1978 and 1979. This procedure would assure the availability of funds and allow the Department of General Services to develop specific plans and substantiating information for legislative review.

Sacramento Capitol Area Development Plan

We recommend that the Sacramento Capitol Area Development Plan meet state needs and assure maximum cooperation with local entities.

Further, we recommend that the plan include specific long-range policies.

The Budget Act of 1976 provided \$500,000 for planning Sacramento area development (Item 373(d)). In conjunction with this appropriation, the Legislature requested the Department of General Services to provide (1) an interim report on the plan to the Joint Legislative Budget Committee by January 1, 1977, and (2) a final report to the Legislature no later than July 1, 1977. On December 23, 1976, the Director of General Services requested an extension of the January 1, 1977 due date for the interim

port. The Chairman of the Joint Legislative Budget Committee extended the date to March 15, 1977.

We believe orderly development of the Sacramento Capitol Area must be based on a well conceived long-range plan which meets the state's needs in a manner that assures maximum cooperation with local entities. Implementation of the development plan should be of mutual benefit to state and local taxpayers. This is not to imply that the state should redevelop local areas. But the impact of state development on the local community must be thoroughly analyzed.

In addition, we believe the plan should reflect the following general policies:

1. *Leasing.* The state should lease space only to meet the short-term requirements of state agencies when placement in state-owned space is impractical.

2. *Development.* The plan should include a mixture of (a) new space constructed on state-owned land and (b) rehabilitation of existing buildings located either on property currently owned by the state or property north of "L" Street to be purchased by the state. Consideration should be given to providing commercial space on the ground floors (owned by the state and leased to private businesses) and using upper floors for state office space. Purchase of (or trade for) land north of L Street should not occur unless existing buildings are not available or rehabilitation is impractical.

3. *Land Base.* The plan should reflect state needs for a reasonable time period and should make maximum use of the land base, considering appropriate open (park) areas. Excess property should be sold as surplus and returned to the local tax base.

4. *Housing.* The state should evaluate its current rental property holdings and sell what is not needed for state use. The state should not be in the housing rental business. However, the state should encourage the city to develop the areas surrounding state property (including state property sold as surplus) into a compatible community. The state must also consider city development when planning its facilities.

5. *Transportation.* The plan should stress transportation methods other than single occupant automobiles (i.e., car pooling, regional transit, bicycles, etc.) but it must provide a reasonable transition period. During this transition period adequate provision should be made to meet employee parking demand. Otherwise, this demand will be met by others in a manner that might be detrimental to the overall plan.

6. *Economics.* The plan should include cost benefit analyses of each aspect, including the overall effect of the development on local taxpayers.

Proposed 1977-78 Capital Outlay Program

The Department of General Services capital outlay program includes a total of 17 requests. A discussion of the program and our recommendations follows.

DEPARTMENT OF GENERAL SERVICES—Continued

A. Projects in Sacramento

The department's program includes eight projects for the Sacramento area. A summary of the projects and our recommendation for each are provided in Table 1.

Table 1
Projects in Sacramento

Item No.	Project Title	Phase ^a	Budget Bill Amount	Legislative Analyst Recommendation	
				Planning Funds	Construction Funds
389(a)	New state building (site No. 2)	pwc	\$20,000,000	Pending	Delete
389(b)	New state building (site No. 3)	a	544,200	Pending	—
389(c)	New state building (site No. 3)	pwc	16,000,000	Pending	Delete
389(d)	New Department of Justice Building	wc	19,047,700	Pending	Pending
389(e)	New state building and parking garage (site No. 1, phase B)	wc	15,000,000	Pending	Delete
389(i)	Monitoring system—central heating and cooling plant	pwc	755,000	Pending	Pending
389(k)	Sacramento area development	pwc	1,000,000	Pending	Pending
389(p)	Purchase record center and disposal equipment	ae	845,000	\$675,000	
	Total		\$73,192,500	\$675,000	

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

1. Sacramento—New State Office Buildings

We recommend deletion of construction funds for Items 389(a), (c) and (e) (see Table 1) and withhold recommendation of planning and/or site acquisition funds for Items 389(a), (b), (c) and (e) pending completion of the report on the Capitol Area Plan and receipt of information pertaining to each specific proposal.

The projects under Items 389(a), (b), and (c), involve the purchase of nonstate owned property to be used as sites for the construction of new state buildings. Until the report pertaining to the capitol area plan is available for review, we cannot determine the proposals for site acquisition.

In addition, planning for these projects is still in the conceptual stage and preliminary plans have not been started. Therefore, construction funds could not be used before fiscal year 1978–79 and in some cases not until 1979–80. To provide construction funds at this time would be premature and preclude adequate legislative review. Thus, we recommend deletion of construction funds. Appropriations for construction can be made as needed from funds in the special item recommended earlier in this Analysis (page 1059).

2. Sacramento—Department of Justice Building—389(d)

(a) Construction Proposal

We recommend deletion of construction funds for all elements of the new Department of Justice building except the computer center.

Further, we withhold recommendation of construction funds for the

computer center until completion of a computer facility consolidation plan and receipt of additional design and cost information.

Site Acquisition. The 1976 Budget Act provided \$2.6 million for site acquisition and \$933,300 for planning for the new Department of Justice building in Sacramento. The Budget Act required that site acquisition be accomplished within available funds and without condemnation. As of this writing, a site has not been acquired.

Planning. The planning aspect of this project has proceeded only to the programing stage. Architectural/engineering design has not begun mainly because of delays in acquiring a site, but also due to unresolved elements in the facility program. The Office of State Architect (OSA) construction schedule indicates that the computer center could be under construction by January 1978, but the remainder of the facilities would not be under construction until July 1978. We believe the project should be expedited. However, based on its current status, the OSA schedule appears optimistic. Even under this optimistic schedule, however, construction funds for all facilities except the computer center will not be needed in the 1977-78 fiscal year and should be deleted. Because architectural/engineering design has not started, the estimated costs of either the total project or the computer center portion cannot be considered accurate.

The OSA construction schedule indicates that preliminary architectural/engineering plans should be available prior to budget hearings. Thus, adequate information should be available to substantiate an amount necessary to construct the computer center.

Computer Consolidation Plan. We have suggested that the Department of Justice and the Department of Motor Vehicles consolidate their computer equipment in the new Department of Justice computer facility. The Department of Finance is currently studying this proposal, and should have a report compiled prior to budget hearings. The findings of this study should be considered in the design of the Department of Justice computer facilities. Any construction costs associated with consolidation should be identified in the OSA preliminary plans and estimates. Consequently, we withhold recommendation on construction funds for the computer center pending receipt and review of the Department of Finance feasibility report.

(b) Facilities Program

We recommend deletion of specific elements of the Department of Justice building proposal, plus a reduction in the overall building proposal.

Further, we recommend that the Department of General Services provide a cost/benefit analysis for the (1) open office planning and (2) proposed energy conserving heating/cooling system.

General Building Design. The proposed facility would basically consist of independent buildings connected by large covered malls with interior bridges, similar to shopping centers. Each building would house a departmental unit. This design is inherently costly and inefficient for office space. For example, a central cafeteria would be provided, but each building would have employee rooms for coffee breaks, lunch, etc. Also, there would be an abundance of conference rooms, reflecting limited or no sharing of such space. Rather than centralizing toilet rooms, each depart-

DEPARTMENT OF GENERAL SERVICES—Continued

mental unit "building" would have its own facilities. The OSA should reevaluate its proposal and incorporate economical design features such as consolidation.

A large portion of the proposed facilities would consist of "open office" spaces. These spaces would contain no permanent walls but would be carpeted and divided by movable or semi-movable acoustic panels. The Supplementary Report of the Committee on Conference pertaining to the Budget Bill of 1976 requested the Director of General Services to determine the cost/benefit of utilizing open space office plans rather than conventional designs. The director's report indicates that open office planning is not economical in every case and therefore a cost-benefit analysis should be prepared for each project. We believe the department should prepare such an analysis for the Department of Justice proposal.

Unrealistic Staffing Projections. Because of unrealistic staffing projections, more building space is proposed than will actually be needed. For example, many of the department's organizational units are projected to increase by more than 25 percent by 1981, and the Criminal Intelligence Bureau is projected to increase by 50 percent. The building proposal also indicates a reorganization within the Department of Justice which has not been reviewed or approved either by Justice or the Department of Finance. In November, the Department of Justice was requested to provide information substantiating the projected staff increases and verifying reorganizational plans. This information is essential in order to adequately assess the department's space needs.

Energy Systems. The heating, air conditioning and lighting systems for the Department of Justice building have not been well defined. However, the facilities program indicates that these systems will be designed similar to those for the building proposed for site number one in the Sacramento Capitol area. Planning and construction funds were provided for the site number one building in the Budget Act of 1976. Expenditure of these funds is contingent upon review of the energy systems by an independent panel of three experts. A report from the panel should be available in April 1977. The OSA should provide cost benefit detail of the proposed energy systems for the Department of Justice building, and any nonconventional systems should be consistent with the energy panel report.

Delete Specific Building Elements. There are several elements in the total proposal we believe to be excessive or have policy implications that go beyond the department's construction program. A discussion of the specific elements follow.

(1) *Child Care Facilities.* The proposal includes approximately 2,000 square feet for a child care center. The estimated initial cost for this facility is \$100,000 but the annual operational cost has not been identified. In our opinion, providing child care facilities in state buildings is a general policy matter that should be evaluated separately and not in "piece-meal" fashion as part of individual unrelated capital outlay proposals.

(2) *Training Center.* The Department of Justice is currently leasing approximately 12,300 square feet for a training center. A portion of this activity is financed through a federal grant and may not be continued. The

proposed building would include a training center approximately 6 percent larger than the existing leased space. In our opinion, the training center should not be constructed because (1) the federal grant may be discontinued, and (2) there is adequate space and excellent facilities at the new California Highway Patrol Academy in Bryte which could be used for training programs.

(3) *Exercise Facilities.* The proposal includes exercise facilities for Department of Justice employees such as a running track, workout room and showers. The initial cost of these facilities is estimated to be \$129,000. The annual operating costs have not been identified.

We believe the provision of exercise facilities for state employees is a policy matter that should be considered separately from the capital outlay program for the Department of Justice. Issues which should be part of such a policy consideration are (1) type of facilities to be constructed, (2) location of facilities, (3) methods for paying initial and/or operating costs, e.g., user fees, state assumption, and (4) liability.

3. *Sacramento—Monitoring System—Central Heating and Cooling Plant 389(i).*

We withhold recommendation of Item 389(i), monitoring system-central heating and cooling plant, Sacramento, pending receipt of independent consultants' study.

This proposal is for \$755,000 to provide a central automatic monitoring system in the central heating/cooling plant, Sacramento.

In our 1976-77 Analysis, we recommended and the Legislature provided an augmentation of \$15,000 for planning an automated central control monitoring system for the central heating and cooling plant, Sacramento. Such a system would monitor energy systems in state buildings and provide control from the central plant. This would result in full utilization of the central plant and maximize savings in energy and labor.

The Department of General Services is in the process of contracting with a private engineering firm to establish the scope, cost and potential savings of the monitoring system. At the time of this writing, the department had not finalized a contract, and therefore the necessary study has not started. Hopefully, the department will expedite this matter so the study can be available during budget hearings. We withhold recommendation of the requested construction funds pending receipt of the study.

4. *Sacramento Area Development 389(k)*

We recommend that Item 389(k), Sacramento Area Development, be reduced by deleting (1) redesign and construction of "O" Street, as a mall between 8th and 9th Streets, and (2) construction of pilot day care centers.

Further, we withhold recommendation of the proposal under 389(k) for construction of temporary parking facilities pending additional information and completion of the capitol area development plan.

As is the case for the majority of the department's 1977-78 capital outlay program, only limited information has been prepared for this proposal. The available information indicates that the requested \$1 million will provide (1) redesign and construction of "O" Street as a mall between 8th and 9th Streets, (2) planning and construction of pilot day care centers,

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and (3) planning, construction and operation of temporary parking lots. The portion of the \$1 million required for each element has not been determined.

"O" Street Mall. There is no definition or estimated cost for this project other than the desire to develop a "mall". The closure of "O" Street between 8th and 9th Streets must be approved by the city and an environmental impact report would have to be developed. Until these steps have been completed and detail of the project and anticipated costs are provided, we recommend deletion of the request.

Pilot Day Care Centers. The department has provided no information regarding the number, construction costs, or operating costs of the proposed centers. As noted above, we believe the establishment of day care centers is a general policy matter that should be evaluated separately from particular capital outlay proposals. Consequently, we recommend deletion of this portion of the request.

Temporary Parking Facilities. The department indicates that temporary parking facilities will be necessary to handle "shortfall" on parking resulting from proposed new construction. The need for such temporary parking facilities is not apparent at this time. The Capitol Area Plan, may include adequate justification for some temporary parking facilities. In this case, the department should provide cost information for review during the budget hearings.

5. West Sacramento—Record Center and Disposal Equipment (389p)

We recommend reduction of Item 389(p), Purchase Record Center and Disposal Equipment, by deleting purchase of disposal equipment, a reduction of \$170,600.

This proposal includes two separate items: (1) purchase of the West Sacramento records center currently leased by the state at an annual rate of \$70,367, and (2) purchase of records' disposal equipment for the records centers located in Sacramento, San Francisco and Los Angeles.

West Sacramento Facility. The terms of the lease agreement for the West Sacramento Facility provide the state an option to purchase the property at the end of the 10th and 15th year. The first opportunity the state will have to purchase the property is August 1, 1977. The purchase price per the lease agreement is \$673,636. The facility is in excellent condition and we recommend approval of the request to purchase it. We recommend a total appropriation of \$675,000, which would include the purchase price plus Department of General Services administrative costs.

Disposal Equipment. The other request is for purchase of disposal equipment at a total cost of \$172,000. The purchase of this equipment will apparently require an annual support budget increase of nearly \$80,000. The purchase of this type of equipment is unrelated to capital outlay. Although the information provided does not justify the request, the department should have requested funding of this equipment under its support and operations budget. In any case, we recommend deletion of the capital outlay request.

B. Projects in San Francisco

We withhold recommendation on Item 389(f), alterations, State Compensation Insurance Fund Building, pending additional information.

Further, we recommend deletion of Item 389(n), alterations state building, a reduction of \$376,900.

State Compensation Insurance Fund Building. In October 1976, the State Public Works Board approved the allocation of \$6.8 million to purchase the State Compensation Insurance Fund Building, San Francisco. The Budget Act of 1976 included \$655,700 for the correction of fire and life safety code deficiencies in the building plus \$168,000 for planning and working drawings for interior modifications. In January the State Public Works Board approved allocation of \$12,000 in programing funds and \$28,000 in planning funds for the interior modification program. Development of the programing and planning documents should provide adequate information to determine an appropriate level of funding for interior modifications. This information should be available prior to budget hearings. We withhold recommendation until its receipt.

Alterations—State Building. The alterations proposed for the state office building in San Francisco include (1) alterations of the fourth floor of 455 Golden Gate Avenue for the Supreme Court and the First Appellate Court, and (2) alterations to the fourth floor, 350 McAllister Street for the Supreme Court. The department has not provided substantiating information indicating the need for either the project or the requested amount. Therefore, we recommend deletion.

C. Hospital Projects in Los Angeles/San Diego

We recommend deletion of Item 389(f), air conditioning modifications a reduction of \$280,400.

Further, we recommend deletion of Item 389(h) sunscreens, a reduction of \$194,800.

The proposals for the Los Angeles/San Diego state hospitals are related to energy conservation measures. We encourage efforts in this area but adequate cost/benefit analysis must be provided for each proposal. The department has not prepared these analyses and the project information as submitted does not substantiate the requests.

D. Project in Long Beach

We recommend deletion of Item 389(l), new state building, a reduction of \$10,410,000.

Further, we recommend that the \$10,410,000 deleted under Item 389(l) be deposited in a special item for future appropriation by the Legislature.

The long-range facilities planning office in the Department of General Services has analyzed and evaluated the programs of each state agency located in the Long Beach Metropolitan area. Based on this evaluation the office recommends construction of a 140,000 gross square foot general purpose office building.

Chapter 910, Statutes of 1975 appropriated \$354,000 for basic architectural and engineering services for this purpose. Allocation of the funds is contingent upon approval by the State Public Works Board. To date, the planning funds have not been approved by the board and planning for the

DEPARTMENT OF GENERAL SERVICES—Continued

new building has not started. The \$354,000 is adequate to develop preliminary plans and working drawings, but, because of the status of the project, construction funds could not be expended in the budget year. Therefore, we believe the requested amount should be deleted from the Department of General Services capital outlay item and incorporated in the proposed special item (our Analysis page 1059) for future appropriation by the Legislature.

E. Project in San Jose

We withhold recommendation on Item 389(o), working drawings, new state building, \$500,000.

The Budget Act of 1974 provided \$100,000 for planning a new office building in San Jose. To date these funds have not been expended. Based on the information provided by the Department of General Services, the proposed building will be a high-rise structure of approximately 125,000 gross square feet. However, the department apparently does not plan to construct this facility on state-owned property.

The department has indicated that a new site will be obtained through an exchange of property with the County of Santa Clara. Such a proposal should be outlined to the Legislature for prior approval and before additional planning funds are committed. In addition, the estimate provided by the Department of General Services indicates that site development costs are included but consideration for parking is not. The information also assumes that all utilities are available at the site and only connections are necessary. Thus, the cost for utilities is estimated to be \$5,200. Such an assumption for an unknown site is unrealistic. Therefore, until clarification of (1) the site location, (2) availability of parking and (3) utility plans, we withhold recommendation of additional planning funds.

F. Proposed Statewide Projects

We recommend deletion of Item 389(j), energy retrofit—state buildings, a reduction of \$4,500,000.

Further, we withhold recommendation on Item 389(m), elevator modifications, pending additional information.

Energy retrofit. The department's request for energy retrofit of existing buildings indicates that this is a "pilot program". We again indicate our support of energy conservation programs but the department has neither delineated the program proposed under this item nor completed cost/benefit analyses. Without such information there is no basis for recommending approval of the program or the requested amount.

Elevator Modification. This request would provide installation of firemen's service to bring existing elevators into compliance with Occupational Safety and Health Safety Orders. Existing elevators must comply with such orders by October 6, 1978.

The department has not indicated the magnitude of the program and whether the requested funds will correct all elevators. In addition, the amount requested does not include fees for development of planning or construction documents. The department should provide the additional information indicating the number of elevators to be corrected and re-

quest an appropriate amount for design fees. Until this information is available we withhold recommendation.

G. Minor Capital Outlay

We recommend approval of Item 389(q), minor capital outlay.

This request is to provide \$102,100 for minor capital outlay (projects costing less than \$100,000 each). The proposal consists of six projects ranging from a structural survey of the State Archives Building, Sacramento (\$1,500), to correction of an existing fire and life safety code deficiency in Office Building No. 1, Sacramento (\$50,000). The six proposals are reasonable and we recommend approval.

DEPARTMENT OF VETERANS AFFAIRS

Item 390 from the General
Fund

Budget p. 291

Requested 1977-78	\$120,000
Recommended approval	110,000
Recommended reduction	10,000

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1. *Statewide Minor Projects. Reduce by \$10,000. Recommend deletion of miscellaneous funds.* 1068

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of minor capital outlay funds for unidentified projects, a reduction of \$10,000.

Minor capital outlay for the Department of Veterans' Affairs consists of four projects at the Veterans' Home in Yountville which provide for remodeling and code corrections. These projects are less than \$100,000 each.

The first project (\$60,000) alters undersized individual hospital bedrooms into a ward. The second project (\$25,000) corrects fire and life safety deficiencies in the domiciliary buildings, and the third project (\$25,000) provides privacy partitioning and upgrades space to meet state codes in a domiciliary building.

The fourth project is a request for \$10,000 to provide for unidentified projects. Minor capital outlay projects are not of an emergency nature and a contingency fund for unidentified needs is not justified. Therefore, we recommend deletion of this request.

DEPARTMENT OF TRANSPORTATION

Item 391 from the California
Environmental Protection
Program Fund

Budget p. 346

Requested 1977-78	\$100,000
Recommended approval	100,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

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

DEPARTMENT OF TRANSPORTATION

Item 392 from the State Trans-
portation Fund, State High-
way Account

Budget p. 347

Requested 1977-78	\$12,800,000
Recommend approval	12,800,000

ANALYSIS AND RECOMMENDATION

We recommend approval.

Chapter 1470, Statutes of 1974, requires that the Legislature must appropriate specified federal funds received pursuant to the Federal Highway Act of 1973 by the Department of Transportation and deposited in the State Highway Account. This item, together with \$15.4 million provided in Item 160 will provide federal funding for various highway safety improvements which are administered by the department.

CALIFORNIA HIGHWAY PATROL

Item 393 from the Motor Vehicle Account, State Transportation Fund

Budget p. 388

Requested 1977-78	\$1,197,930
Recommended approval	395,830
Recommended reduction	802,100

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1. Leasing of Field Offices. Recommend continuation of the policy requiring all leases be submitted to Joint Legislative Budget Committee for review 30 days prior to execution. 1073
2. Highway Patrol Academy. Recommend reversion of excess funds. 1073
3. *Statewide Construction Program Planning. Reduce Item 393(a) by \$10,000.* Recommend deletion of construction program planning funds. 1074
4. *Statewide Communications. Item 393(b). Reduce by \$675,100.* Recommend transferring to Item 161. 1074
5. Statewide Communications. Recommend that of the amount transferred to Item 161 \$121,700 be deleted and \$10,500 be withheld pending additional information. 1074
6. *Statewide Minor Projects. Reduce Item 393(d) by \$117,000.* Recommend deletion of (1) four gasoline station projects and (2) miscellaneous funds. 1075
7. Gasoline Station Program. Recommend the department furnish the fiscal committees a complete program for the installation of gasoline stations. 1076

ANALYSIS AND RECOMMENDATIONS

The Department of the California Highway Patrol (CHP) is funded from the Motor Vehicle Account, State Transportation Fund. Historically, the departments so funded have not required the use of the total fund and the resulting surplus has been transferred to the State Highway Account.

Last year we addressed the fiscal condition of the fund and the declining surplus. We noted that the revenue to the fund is projected at a relatively stable level while the demand for expenditure from the fund is increasing. This year, the trend continues as shown in Table 1 which projects both revenues and expenditures.

Chart 1 illustrates this in a different manner. The chart displays the Motor Vehicle Account's revenues and support expenditures in the form of an index. By setting fiscal year 1972-73 as the base year, the index shows the relative increase or decrease from the base year. For example, over a five-year period support expenditures increased 74.8 percent for the Department of Motor Vehicles (DMV), 49.7 percent for the California Highway Patrol (CHP) and 51.3 percent for all others.

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

	1972-73	1973-74	1974-75	1975-76	Estimated 1976-77	Projected 1977-78
Revenue						
Motor Vehicle Account	\$296,225,000	\$345,425,000	\$345,300,000	\$380,330,000	\$384,000,000	\$387,000,000
Accumulated Surplus Plus other						
Revenue	37,638,790	42,448,119	49,454,640	50,977,843	35,334,260	21,723,390
Total Resources	\$333,863,790	\$387,873,119	\$394,754,640	\$431,307,843	\$419,334,260	\$408,723,390
Support						
Department of Motor Vehicles	67,711,153	71,425,836	82,411,799	97,038,318	111,682,764	118,390,961
Capital Outlay	5,250,693	3,892,973	1,837,353	2,463,283	10,330,323	1,944,980
California Highway Patrol	138,699,717	150,764,336	168,503,794	183,334,833	202,501,455	207,616,054
Capital Outlay	2,753,084	9,448,669	3,986,749	1,989,909	6,909,565	1,197,930
Department of Justice	2,981,294	3,357,493	3,951,880	4,875,737	5,700,922	6,402,402
Air Resources Board	4,476,017	5,527,035	5,535,129	8,333,967	11,529,308	12,989,089
Air Resources Board Local Assistance	—	—	—	2,299,923	2,038,000	2,038,000
Air Resources Board Loan ^a	—	—	(1,275,000)	1,554,639	3,100,000	3,100,000
Others and Miscellaneous ^b	895,748	3,053,145	1,167,923	940,974	705,533	731,423
Held in Reserves ^c	38,296,084	50,403,632	52,360,013	33,476,260	19,836,390	54,312,551 ^d
Transferred to State Highway Account	72,800,000	90,000,000	75,000,000	95,000,000	45,000,000	—

^a The Air Resources Board loan is shown as an expenditure except in the 1974-75 fiscal year where it is included in the funds held in reserve.

^b Others and Miscellaneous

- | | |
|---|---|
| 1. State Transportation Board | 6. Office of Transportation, Planning and Research |
| 2. State Highway Users Tax Study Commission | 7. University of California, Air Pollution Research |
| 3. Judicial Council | 8. Tort Liability Claims |
| 4. Department of Health | 9. Teale Consolidated Data Center |
| 5. Board of Control | 10. Bureau of Automotive Repair |
| | 11. Secretary, Business and Transportation Agency |

^c Accumulated Surplus.

^d This figure includes:

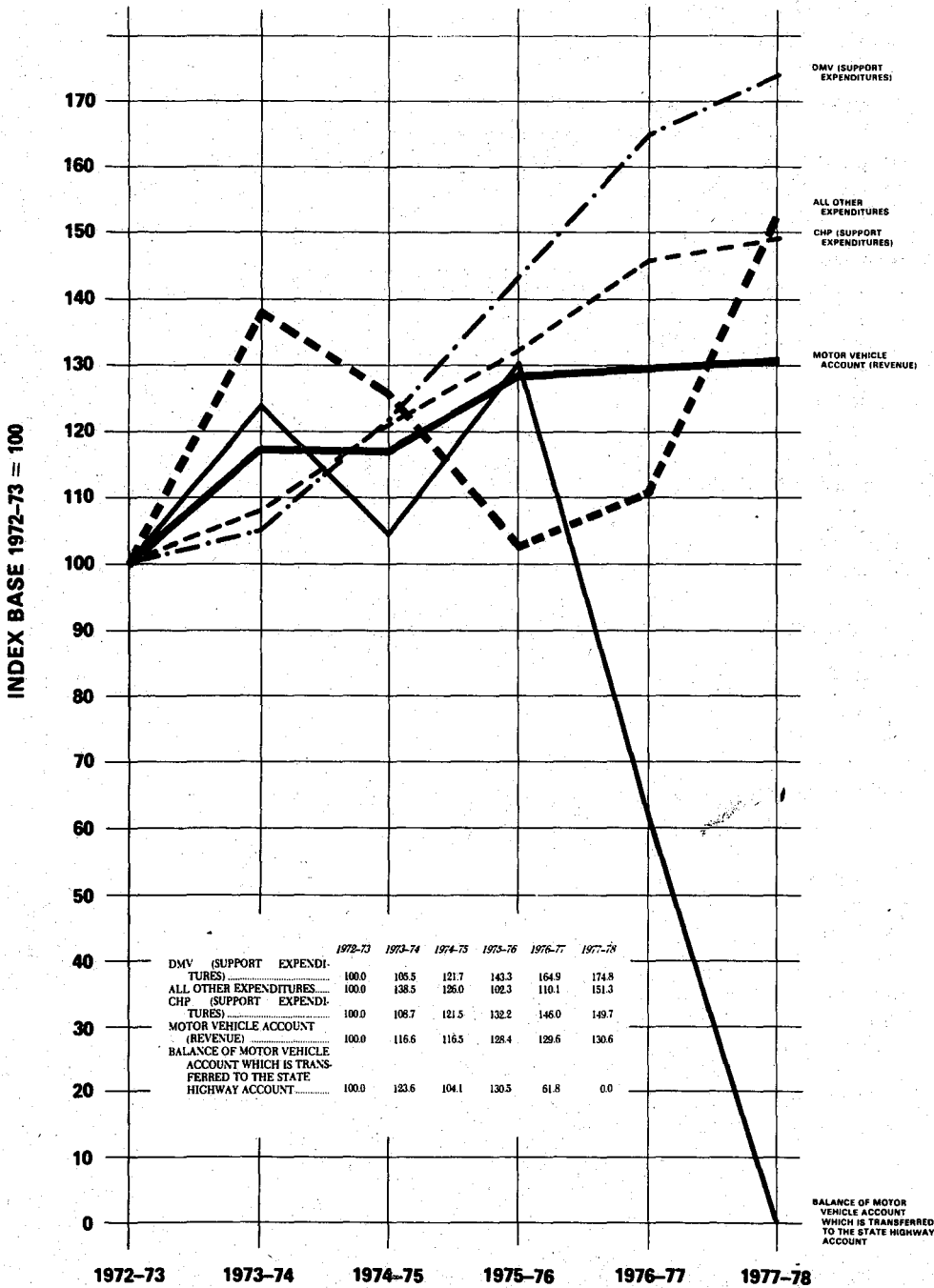
- | | |
|--|------------|
| 1. Surplus available for appropriation | 15,312,551 |
| 2. Reserve for Salary and TEC Increase | 30,000,000 |
| 3. Reserve for Capital Outlay | 9,000,000 |

In addition, the amount held in reserve is overstated in the Governor's Budget by \$1,275,000 because the 1974-75 Air Resources Board loan was not expended as shown in subsequent years.

CALIFORNIA HIGHWAY PATROL—Continued

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

INDEX BASE 1972-73 = 100



Over that same five-year period revenue grew only 30.6 percent and the surplus balance, which normally is transferred to the State Highway Account, has declined to zero.

It should be noted that the support expenditures include the recent reversions of \$7,763,000 for the DMV and \$4,350,645 for the CHP. These and prior reversions are apparently the result of overbudgeting that has occurred for the past several years. Further discussion of these reversions is included under Item 165 page 294 for DMV and Item 161 page 272 for CHP.

Inadequate Funds for Capital Outlay

The Budget Bill proposes no new construction this year for the CHP. We believe this policy is appropriate. In our opinion, the CHP should not purchase property or develop construction documents with the uncertain future ability to provide the needed construction funds.

Leasing of Field Offices

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

Because of the potential shortage of funds in the Motor Vehicle Account, we endorse the policy that there be no new construction starts. Last year the Legislature approved our recommendation that the leasing of new space be carefully reviewed until the fiscal condition of the account is resolved. No corrective action has been taken and we raise the same concern this year. There are no new construction starts proposed and the pressure remains to initiate new lease facilities. When funds are limited there is a tendency to lease rather than build because a major portion of the large initial construction cost can be deferred to future years. However, the state pays much more for the space during the life of the lease. Therefore, we recommend the review procedure approved last year be continued. To date, the department has not complied with the language of the conference committee on the budget to submit all leases 30 days prior to execution and have continued to initiate and renegotiate leases.

New Highway Patrol Academy

We recommend that \$465,066 in excess funds plus the remaining portions of the \$299,699 contingency funds be reverted as of June 30, 1977.

Although the new academy was occupied in August 1976, the final portion of construction work remains to be completed. As of January 1, 1977, an uncommitted balance of \$764,757 remained in the Architectural Revolving Fund (ARF). Of this amount \$299,699 has been set aside as contingency for unforeseen needs to correct and modify errors or oversights which should be more than adequate. However, the need to expend these funds for this purpose should not extend beyond June 1977, nearly one year after occupancy.

Therefore, we recommend that as of June 30, 1977, \$465,066 plus any remaining portion of the \$299,699 be specifically reverted under Section 11 of the Budget Bill.

CALIFORNIA HIGHWAY PATROL—Continued

Proposed 1975-76 Capital Outlay Program

The California Highway Patrol capital outlay request is for:

	Budget Bill Amount	Legislative Analyst Recommendation	
		Approval	Reduction
A. Communications program			
1. Replacement equipment	\$341,800	—	(—\$341,800)
2. Construction of communications facilities	333,300	—	(—333,300)
	\$675,100	— ^a	(—\$675,100) ^b
B. Construction program planning	10,000	—	(—10,000)
C. Purchase of leased facility	326,830	\$326,830	—
D. Minor projects	186,000	69,000	(—117,000)
Total	\$1,197,930	\$395,830	(—\$802,100)

^a Recommend \$542,900 be transferred to Item 161.

^b Includes the \$542,900 recommended to be transferred.

Construction Program Planning

We recommend deletion of the Construction Program Planning funds, a reduction of \$10,000 from Item 393(a) because there is no demonstrated need.

These funds are requested to prepare plans and cost estimates for facilities which are contemplated for capital outlay appropriations in 1978-79. The plans and estimates produced with these funds are schematic in nature and provide the basis to determine the appropriate amount of the budget request.

The Budget Act of 1976 provided \$10,000 for project planning. Because there are no new construction starts proposed this year, the projects which were planned utilizing the 1976 funds have been deferred. Until funds for construction are available there should be no need to continue developing budget information for additional facilities.

Communications Program

We recommend transferring Item 393(b), communications equipment, to Item 161, a reduction of \$675,100.

Further, we recommend that \$121,700 of the amount transferred to Item 161 be deleted, and that approval of \$10,500 be withheld pending receipt of additional information.

Item 393(b) for the CHPs communications program is presented in two elements. The first is for replacement equipment and the second is for expansion of radio and microwave systems.

Replacement equipment \$341,800. The Department of General Services, Communications Division has established a replacement schedule for equipment based on expected equipment life. Using this schedule, 22 base stations (42 MHz), one service channel, seven multiplex channels and six consoles are to be replaced.

Section 6103 of the State Administrative Manual revised (November 1976) defines State Operations to include "All items of replacement equipment." We believe this request is within this definition and replacement

should be funded in priority with other needs in the CHP operations budget (Item 161). Therefore, we recommend \$341,800 be deleted from this item when transferred to Item 161.

Expansion of radio and microwave systems \$333,300. Projects related to the expansion of radio and microwave systems are also properly budgeted in state operations budget (Item 161). We recommend approval of \$201,100 of this request but the amount should be transferred to Item 161. We recommend disapproval of \$121,700 and withhold recommendation of \$10,500.

These projects extend and/or upgrade radio coverage, consolidate dispatch, provide tape recorders and connect to the California Law Enforcement Mutual Aid Radio System (CLEMARS).

Two requests are for equipment to consolidate radio dispatching at (1) Bishop and Bridgeport and (2) Susanville, Quincy and Alturas, at an estimated total cost of \$121,700 plus \$164,000 annually. Currently, each office provides dispatching during weekdays. At other times dispatching is handled by local law enforcement operations through a co-operative agreement with local police and county sheriffs departments. Such co-operation should be encouraged and the CHP should reevaluate its proposal considering the benefits gained through mutual dispatching, provided at a nominal cost, by the local law enforcement agencies. Based on the mutual benefits of the existing systems and the excessive cost to consolidate we recommend deletion of these.

Three projects totaling \$10,500 would connect the Los Angeles, Oakland and San Francisco dispatchers to CLEMARS. This will provide access to radio frequencies reserved for interagency law enforcement.

We are concerned that this represents a small portion of a larger program that may have long range policy and cost implications. The overall CLEMARS program and CHP (or other state agency) participation has not been defined. Thus, the benefits and costs have not been identified. The CHP should provide information outlining (1) the CLEMARS program, (2) current and planned CHP participation in the program and (3) benefit/costs on a statewide basis. This information should be submitted prior to budget hearings. We withhold our recommendation pending receipt of this information.

Purchase of Leased Facility—Lancaster

We recommend approval of Item 393(c) to purchase the leased facility in Lancaster for \$326,830. This facility was constructed for the state under a lease with option to purchase agreement. The option can be exercised in fiscal year 1977-78 for \$326,830. To defer purchase for one year would result in an additional cost of \$50,340.

Minor Capital Outlay

We recommend Item 393(d) for minor capital outlay be reduced by \$117,000 to eliminate four projects already accomplished (\$92,000) and the deletion of miscellaneous funds (\$25,000).

Minor capital outlay for the California Highway Patrol consists of eight projects which are to provide new or additional facilities at a cost of less than \$100,000 each.

CALIFORNIA HIGHWAY PATROL—Continued

Seven of the eight projects are to provide gasoline storage and pumping facilities at various field offices. The CHP has developed 47 such facilities which now provide more than 50 percent of the patrol's gasoline. The CHP plans to continue this program, thereby reducing the department's expenditure for gasoline approximately 13 cents per gallon. However, of the seven stations requested, four have already been accomplished. Therefore, we recommend the funds for these four projects be deleted for a savings of \$92,000.

The eighth project is a request for \$25,000 for potential alterations for leased and state owned facilities but no specific project has been identified. We do not believe funds should be appropriated for unspecified purposes. In the event urgent alterations are required during 1977-78, there are adequate administrative procedures which could provide additional funds to meet those needs. These procedures also include project review which would not otherwise occur. Therefore, we recommend these funds be deleted.

Field Office—Gasoline Station Program

We recommend the department furnish the fiscal committees, prior to budget hearings, a complete program for the installation of gasoline stations.

The department has demonstrated that considerable savings can be realized through bulk purchase of gasoline. In addition, the CHP guarantees itself a supply of fuel when shortages occur. However, we are critical of the program because not all of the potential savings are being realized. We believe the department should identify all of the facilities which demonstrate a feasibility to install gasoline stations and present a complete plan for review and approval.

DEPARTMENT OF MOTOR VEHICLES

Item 394 from the Motor Vehicle Account, State Transportation Fund

Budget p. 405

Requested 1977-78	\$1,944,980
Recommended approval	101,000
Recommended reduction	122,400
Recommendation pending	1,721,580

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1. Statewide Site Acquisition. Recommend DMV proceed with acquisition of previously budgeted sites pursuant to Section 12.4 of the Budget Act of 1976. 1077
2. Site Acquisition Delays. Recommend the DMV report during budget hearings on the excessive time required to acquire property. 1078

3. Modular Design Guidelines. Recommend DMV in conjunction with the Office of the State Architect develop modular designs for field offices. 1078
4. Leasing of Field Offices. Recommend continuation of the policy requiring leases be submitted to Joint Legislative Budget Committee for review. 1079
5. Field Office Design Fees. Recommend the DMV and the Office of the State Architect explain the increased architecture and engineering fees. 1079
6. *Project Planning—Statewide. Item 394(a). Reduce by \$10,000.* Recommend deletion of project planning funds. 1080
7. Sacramento Computer Replacement Planning. Withhold recommendation of planning pending review of project by departments. 1080
8. Simi Valley/Thousand Oaks. Withhold recommendation of field office construction pending submission of plans and estimates. 1081
9. Oceanside. Withhold recommendation of field office construction pending submission of plans and estimates. 1081
10. *Minor Capital Outlay Projects. Item 394(c). Reduce by \$112,400.* Recommend deletion of previously funded projects. 1081

ANALYSIS AND RECOMMENDATIONS

Motor Vehicle Account

The Motor Vehicle Account, State Transportation Fund provides funds for support and capital outlay for the Department of Motor Vehicles (DMV) as well as several other departments and entities. Historically, the account has had a surplus. However, a surplus condition is no longer expected because revenues to the Motor Vehicle Account have been stable while expenditures have shown substantial growth.

Funds for Development of Previously Approved Site Acquisitions

We recommend the DMV proceed with acquisition of budgeted DMV sites pursuant to Section 12.4 of the Budget Act of 1976.

The Governor's Budget has set aside a \$9 million reserve for DMV capital outlay construction. This is an amount sufficient to complete construction for eleven projects for which site acquisition funds were approved in 1975.

Last year the Legislature added Section 12.4 to the Budget Act of 1976 to limit expenditure of the 1975 site acquisition projects to \$3 million without prior notification to the Legislature that construction funds would be available to develop additional sites. The concern at the time was whether there would be sufficient funds available in 1977-78 to proceed with construction to develop all eleven sites. However, the \$9 million reserve for DMV capital outlay provides sufficient funds to develop the sites. Under this circumstance, we believe the Department of Finance should notify the Legislature per Section 12.4 and the DMV should complete selection of all eleven sites. If this is expedited, drawings and estimates can be provided prior to budget hearings, and an appropriate level

DEPARTMENT OF MOTOR VEHICLES—Continued

of construction funding can be budgeted from the \$9 million reserve.

Inadequate Funds for Future Capital Outlay

Because there is no longer a surplus in the Motor Vehicle Account and because expenditures are exceeding the account's growth, the Budget Bill includes no new site acquisitions. This apparently is a policy which will continue until there are increased revenues. We believe this is an appropriate policy. In view of this, the DMV should not seek to purchase property for which construction funding is uncertain.

Site Acquisition Delays

We recommend that during budget hearings the DMV report to the fiscal committees regarding the excessive time required to complete a property acquisition.

The Conference Committee for the 1975 Budget requested the DMV and the Department of General Services to review and report on the site acquisition process and present alternatives to reduce the time required for acquisition. The departments reported their findings on November 21, 1975.

The report includes several alternatives to current acquisition procedures which the department is evaluating. In addition, the report included a sequence and time schedule for property acquisition which are excessively lengthy and should be shortened. However, the DMV's progress toward acquiring approved sites has not adhered to this time schedule. Such delays are costly especially when the future availability of construction funds is uncertain. The cause for delay is unclear and the DMV should clarify the problem during budget hearings. In addition, the DMV should identify any progress made toward shortening the sequence and time frame related to property acquisition.

Modular Design Guidelines

We recommend that the Department of Motor Vehicles in conjunction with the Office of the State Architect develop modular designs associated with field office size.

The Department of Motor Vehicles has been developing criteria and establishing standards for the design of its field offices. This approach improves the utilization of new field offices because the resulting design better meets the functional needs.

The department should extend this approach to the development of standard plans. For staffing purposes the department currently classifies field offices by workload. Such a classification system extended to the development of modular designs to meet current standards could yield many benefits.

Cost savings can be realized in the reduction of (1) the time required for design and engineering, (2) the quantities of materials used in construction and (3) the overall time reduction for completion of the project permitting earlier occupancy and client service.

The California Highway Patrol and the Department of Forestry are currently approaching the design of field offices in the manner proposed.

They have realized design and engineering costs savings of as much as 4 percent of the construction cost. In addition, the time to complete drawings and solicit bids has been reduced.

Modular designs can be developed for each major field office component (Licensing, Investigation, Driver Improvement, etc.). Using known and projected workload information there could be larger and smaller version plans for current office categories. Using the workload data for building size and knowing the components to be included, the modules could then be arranged. This permits design flexibility to meet site and local needs while achieving the cost and time benefits.

Therefore, we recommend the DMV establish standard field office modules related to workload and workload projections to be used in field office design.

Leasing of Field Offices

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

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

Last year the Legislature approved our recommendation that, in the interim, while the fiscal condition of the account is being resolved, the leasing of new space be carefully reviewed. This review should be continued during the budget year for all new and renegotiated leases. Review information should be provided indicating all costs and terms of the proposed leases. In addition, an analysis of the impact upon the DMV's lease expenses account should be furnished.

It should be noted that, to date, the department has not complied with the language of the conference committee on the budget to submit all leases 30 days prior to execution and has continued to initiate and renegotiate leases.

Field Office Design Fees

We recommend that the DMV and the Office of the State Architect explain to the fiscal committees at the budget hearings the increased architecture and engineering fees being charged recent projects.

In October 1976, the State Public Works Board approved the preliminary plans for (1) Oxnard, (2) Placerville, (3) Santa Cruz (Capitola) and (4) North Metropolitan San Diego. At that time we expressed a concern

DEPARTMENT OF MOTOR VEHICLES—Continued

regarding the excessive increases in the basic and nonbasic architecture and engineering fees (A&E) charged by the Office of the State Architect (OSA). These fees increased as much as 44.6 percent over the budget amounts. A summary of the budgeted and current fees is provided in Table 1. To date there has been no explanation regarding the increased costs. Therefore, we recommend the DMV and OSA report to the fiscal committees the reason for the increased costs.

Table 1
Architecture and Engineering Fees

	<i>Budgeted</i>	<i>Current Estimate</i>	<i>Difference</i>	
Oxnard				
A & E basic.....	\$55,300	\$70,000	\$24,700	+44.6%
A & E non-basic	29,800	36,700	6,900	+23.2
Placerville				
A & E basic.....	29,200	35,800	6,600	+22.6
A & E non-basic	19,800	17,200	-2,600	-13.1
North San Diego				
A & E basic.....	65,000	81,175	16,175	+24.9
A & E non-basic	35,900	38,325	2,425	+6.7

Project Planning—Statewide

We recommend deletion of Item 394(a), project planning, a reduction of \$10,000.

These funds are requested by the DMV to prepare plans and cost estimates for facilities which are contemplated for future capital outlay appropriations. The plans and estimates produced with these funds are schematic in nature and provide the basis to determine a budget request.

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

Sacramento Headquarters Computer

We withhold recommendation on Item 394(b), planning for computer replacement, pending review of the project by the department.

The department is proposing to remodel space, in the Sacramento Headquarters Building East, to accommodate a planned computer purchase. This request, for \$50,000, is for planning to accomplish the required physical alterations. Future costs for the project have not been identified but assuming 1.5 percent for planning, \$50,000 is sufficient to provide plans for a \$3.3 million project.

The Department of Justice is currently planning a new building. A part of its space will be for its computer installation. The construction of the Justice building is scheduled to permit the computer to be in coporation by fall 1978. We have suggested that the Departments of Justice and Motor Vehicles consolidate their equipment within the planned Justice building. The Department of Finance is evaluating our suggestion and a report

should be available prior to budget hearings.

Construction of New Field Offices

We withhold recommendation of Item 394(c), construct office building and parking facilities, Simi Valley/Thousand Oaks (\$951,300) and Item 394(d), construct office building and parking facilities, Oceanside (\$720,280), pending submittal of plans and estimates.

The site has been acquired by DMV for the Simi Valley/Thousand Oaks project in the City of Thousand Oaks. For Oceanside the DMV has selected a site but acquisition is not complete. As a result, preliminary plans and working drawings have not been developed. Therefore, we do not have adequate information to recommend an appropriate level of funding. The department should expedite (1) site acquisition for Oceanside and (2) planning for both projects, so that the necessary information can be developed and available prior to budget hearings.

Minor Construction Projects

We recommend deletion of previously-funded projects, a reduction of \$112,400.

Minor capital outlay for the DMV consists of five projects which provide new or additional facilities at a cost of less than \$100,000 each.

We have reviewed the five proposed projects requested in the amount of \$213,400 and recommend approval of three. These include (1) correct fire code deficiencies, Sacramento Headquarters (\$80,000), (2) construct a block wall for the Chula Vista Office (\$11,000), and (3) construct public restrooms in the Quincy Field Office (\$10,000).

Two of the five projects (\$112,400) are proposed for funding in 1977-78 for (1) renovation of plumbing in the Los Angeles field office (\$44,000) and (2) reroofing a portion of the Sacramento Headquarters Building East (\$68,400). However, the department's detail schedule of repairs and alterations indicates that these projects were previously funded in the 1976-77 state operations budget (Item 211). Therefore, we recommend this request (Item 394) be reduced by \$112,400.

CALIFORNIA CONSERVATION CORPS

Item 395 from the General
Fund

Budget p. 418

Requested 1977-78	\$500,000
Recommendation pending	500,000

SUMMARY OF RECOMMENDATIONS

Analysis
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1. Statewide Minor Capital Outlay. Withhold recommendation of \$500,000 pending submittal of specific project information. 1082

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We withhold recommendation pending submittal of specific project information.

The California Conservation Corps (CCC) is in the process of locating five facilities to lease. One criteria of selection is that the facilities require no more than \$100,000 for repairs and modifications at each site to make them operable. The proposal in Item 395 is based on a maximum expenditure of \$100,000 at each of the unidentified lease facilities.

In our opinion, it is imprudent for the state to invest in capital improvements on nonstate leased property. This is especially the case if the lease is for a short period of time. In any event, specific information regarding (1) proposed sites, (2) improvement costs, and (3) lease terms should be presented or the funds deleted. We recommend that, prior to budget hearings, the corps select five sites and retain the Office of the State Architect to survey the total cost of rehabilitation. Until such information is available, we withhold recommendation.

DEPARTMENT OF FORESTRY

Item 396 from the General
Fund

Budget p. 454

Requested 1977-78	\$1,538,408
Recommended approval	1,362,408
Recommended reduction	46,000
Recommendation pending	130,000
Recommended augmentation	825,717
Net recommended approval	\$2,188,125

SUMMARY OF RECOMMENDATIONSAnalysis
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| 1. <i>Minor Capital Outlay. Reduce by \$10,000.</i> Recommend deletion of unspecified projects. | 1083 |
| 2. <i>Land Acquisitions. Reduce by \$30,000.</i> Recommend deletion of working drawing funds. | 1083 |
| 3. <i>Construct Fire Stations. Augment by \$816,390.</i> Recommend an augmentation to eliminate the reappropriation of funds. | 1084 |
| 4. <i>Equipment. Augment by \$9,327.</i> Recommend an augmentation to eliminate the reappropriation of funds. | 1084 |
| 5. <i>Material Service Center-San Bernardino. Reduce by \$6,000.</i> Recommend deletion of unnecessary features. | 1085 |
| 6. California Conservation Corps Camp, Bollinger Canyon. Withhold recommendation pending an economic analysis. | 1085 |
| 7. Oak Glen Master Plan. Recommend report to Joint Legislative Budget Committee by November 1, 1977 to review for implementation in 1978-79. | 1086 |

Minor Capital Outlay

We recommend that Item 396(a), minor capital outlay be reduced by deleting miscellaneous funds, a reduction of \$10,000.

Minor capital outlay for the Department of Forestry is comprised of 24 projects which provide new, additional or rehabilitated facilities. Each project is less than \$100,000 with a total proposed 1977-78 program cost of \$583,870. The projects range in size from \$3,000 for a water treatment system to \$98,000 for an addition to the Felton headquarters emergency command center.

Miscellaneous Funds. This request is for \$10,000 of miscellaneous funds for unforeseen radio system modifications. There is no identifiable need for these funds. Minor capital outlay projects are not of an emergency nature and we cannot recommend a contingency fund for this purpose.

Opportunity Purchases

Item 396(b) provides \$5,000 to permit the purchase of small parcels of land that become available on an unexpected or "opportunity purchase" basis. This item contains language which limits the availability of funds to one year. We recommend approval.

Land Acquisition, New Fire Stations

We recommend that Items 396(c) and (d) be reduced by deleting working drawings, a reduction of \$30,000.

Grasshopper, Lassen County/Mount Zion, Amador County. These two projects are requested to relocate and upgrade the department's facilities and service. The Grasshopper station consists of relocatable metal buildings constructed in 1949 which have become uneconomical to maintain any longer. The Mount Zion station consists of trailers and inadequate buildings which do not meet current safety codes and should be replaced.

The department is requesting \$27,500 for Grasshopper and \$51,500 for Mount Zion for land acquisition and working drawings. In the past we have recommended appropriating funds for site acquisition and working

DEPARTMENT OF FORESTRY—Continued

drawings in the same fiscal year in order to expedite the projects. However, the department has consistently been unable to purchase a site within one year. Thus, the working drawings funds have not been used and the delay in site acquisition has not been adequately explained. Therefore, we recommend each project be reduced by \$15,000 for a total reduction of \$30,000.

Construct Forest Fire Stations

We recommend that Items 396(e), (f), (j) and (l) be augmented to eliminate the need for reappropriations in Section 10.07, an augmentation of \$816,390.

These four requests are augmentations to projects approved in the Budget Act of 1974. The total funding and our recommendations are summarized in Table 1.

Table 1

<i>Item No.</i>	<i>Project</i>	<i>Item 396 Budget Bill^a</i>	<i>Budget Act of 1974^{bc}</i>	<i>Analyst Recommendation For Funding Under Item 396</i>
396(e)	Tularcitos	\$79,575	\$157,390	\$236,965
396(f)	Almaden	86,788	201,050	287,838
396(j)	Beumont	130,190	225,210	255,400
396(l)	Yucaipa	134,060	232,740	366,800
Total		\$430,613	\$816,390	\$1,247,003

^a Represents an augmentation of the project approved in the Budget Act of 1974.

^b Reverts as of June 30, 1977 unless specifically appropriated.

^c Represents Legislative Analyst recommended augmentation to Item 396.

These projects require additional funds because the department delayed them while it reviewed construction alternatives and revised its facilities, design parameters. These delays have been excessive, resulting in needless cost increases. The department has finally concluded the review/revision effort and is prepared to expedite the projects. Every effort should be made to complete these projects as quickly as possible.

Proposed Reappropriation. The Budget Bill includes, under Section 10.07 of the Budget Bill, reappropriation of the 1974 funds and provides additional funds under this item (396). Thus, the total cost of the projects is not accurately reflected. In order to maintain a clear understanding of the total cost of these projects, we believe it would be proper to appropriate the entire amount under one item. Therefore, we recommend adding the necessary augmentation under this item and allowing the 1974 funds to revert automatically on June 30, 1977 by deleting the reappropriation in Section 10.07.

Equipment

We recommend that Items 396(g), (k) and (m) be augmented by \$1,094, \$4,049, and \$4,184 respectively in order to eliminate the need to reappropriate the 1974 funds in Section 10.07, an augmentation of \$9,327.

As with the construction delays discussed earlier, the equipment portions of the same projects have correspondingly been delayed. Thus, the

Budget Bill includes reappropriation of the 1974 equipment items under Section 10.07 and augments the projects under Items 396 (g), (k) and (m). The augmentation is required to meet increased costs and revised equipment needs.

We propose the 1974 funds be allowed to revert and the complete equipment cost be appropriated in this item of the Budget Bill. Therefore, we recommend deletion of the reappropriations under Section 10.07. Table 2 summarizes the equipment request and our recommendation for each.

Table 2

Item No.	Project	Item 396 1977-78	Revised Department's Needs 1-12-77	Legislative Analyst's Recommendation
396(g)	Almaden	\$4,065	\$5,159	\$5,159
396(k)	Beaumont	2,700	6,749	6,749
396(m)	Yucaipa	2,920	7,104	7,105
Total	\$9,685	\$19,012	\$19,012

Material Service Center, San Bernardino

We recommend that Item 396(h) be reduced to reflect program changes for new material service center, a reduction of \$6,000.

Items 396(h) and (i) provide a total of \$280,240 to construct and equip a new warehouse facility at San Bernardino ranger unit headquarters. The new warehouse is to be a 7,320 square foot pre-engineered insulated metal building. The estimated building cost per square foot is \$25.33.

The department has requested the Office of the State Architect to provide only one loading dock leveler instead of two and only one restroom with a shower for a savings of \$6,000.

We believe these changes are appropriate. Item 396(h) does not reflect these recent reductions. Therefore, we recommend this request be reduced \$6,000.

California Conservation Corps-Bolinger Canyon

We withhold recommendation on Item 396(n) to acquire the Bolinger Canyon site for a California Conservation Corps center pending an economic analysis.

This site acquisition project for \$130,000 will provide the department its eighth permanent camp in the state and will be used as a conservation corps camp.

Currently, the department has no facilities in this area and at times has temporarily located Youth Authority and Correction camp crews in the vicinity in order to meet fire needs.

The site under consideration is an unoccupied military residential complex consisting of eight residences constructed about 1957. Our concern is the unknown cost to establish this camp. It is our understanding the site cost of \$130,000 was established by a telephone conversation with the federal government and is an estimated price. In addition, the facilities are in a state of disrepair and will require rehabilitation for which no funds have been budgeted.

DEPARTMENT OF FORESTRY—Continued

We recommend the department prepare an economic analysis outlining the short-term and long-term cost to make the facilities operational including a comparison with alternatives (i.e. new construction). We withhold recommendation pending this information.

Oak Glen Master Plan

We recommend supplemental report language requesting that the Oak Glen conservation camp master plan, Item 396(o) be completed and transmitted to the Joint Legislative Budget Committee by November 1, 1977 for review and possible implementation in 1978-79.

The Oak Glen Camp is a Forestry camp for Youth Authority wards. It is located in Riverside County near the city of Beaumont. The camp was established in 1945 with buildings salvaged from the military at Camp Hann.

The Oak Glen Camp has served the Department of Corrections, the Job Corps, and since 1972, the Youth Authority. Several new facilities were constructed by the federal government during the job corps program. However, the large dormitory which is still in use is in need of major modifications or reconstruction. In addition, several other facilities require modifications.

The purpose of the proposed master plan (\$20,000) is to evaluate the facilities and make recommendations to rehabilitate the camp and/or develop other camps on state-owned sites in southern California.

We concur with this proposal. However, in order to allow adequate review before implementation in 1978-79 we recommend supplemental language requesting the report to be completed and transmitted to the Joint Legislative Budget Committee by November 1, 1977.

DEPARTMENT OF FISH AND GAME

Item 397 from the California
Environmental Protection
Program Fund

Budget p. 481

Requested 1977-78	\$400,000
Recommended approval	400,000

ANALYSIS AND RECOMMENDATIONS**Land Acquisition-Ecological Reserves**

We recommend approval.

The Department of Fish and Game is requesting \$379,000 from the Environmental Protection Program Fund for the purchase of ecological reserves. Beginning in 1972 the resources agency has used this funding source (revenues from personalized vehicle license plates) to purchase ecological reserves. To date there have been 15 reserves purchased at a total cost of approximately \$782,276.

The department has indicated a desire to purchase an additional six

ecological reserves. The Budget Bill lists these without specific cost estimates assigned to each site. We understand the department estimates that the total acquisition cost of the six sites exceeds the \$379,000 proposed in the Budget Bill. The sites are listed in priority order. However, in the event any of the first sites listed cannot be purchased the department would attempt to purchase a site lower on the priority list. Any desirable reserves not purchased this year will be reintroduced for purchase in subsequent budgets.

A description of each reserve follows:

1. *Alkali Sink Ecological Reserve*, in western Fresno County, is a 480 acre habitat for the rare Fresno kangaroo rat, San Joaquin kit fox and the blunt nosed leopard lizard.

2. *Palisades Peregrine Falcon Ecological Reserve*, near Clear Lake, consists of approximately 703 acres. This area is threatened by geothermal development and its acquisition will protect the historic peregrine falcon nesting habitat.

3. *Saline Valley Ecological Reserve*, near Owens Valley, is comprised of 320 acres. This acquisition will complete the ecological reserve of a unique desert freshwater-saltwater ecosystem habitat.

4. *Manila Dunes Ecological Reserve*, along the Mad River, is a tidal marsh and dunes. It consists of approximately 250 acres and is the habitat for 95 species of birds.

5. *Cosumnes River Ecological Reserve*, in the Sacramento Valley along the Cosumnes River, consists of 70 acres and contains a stand of scenic native valley oak.

6. *Macklin Creek Ecological Reserve*, near Truckee, consists of approximately 20 acres and is desired to ensure the survival of the Lahontan cutthroat trout.

Development of Ecological Reserves.

We recommend approval.

The Department of Fish and Game is requesting \$21,000 for development of Ecological Reserves. The development of these reserves will consist of providing signs for the identification of the reserve and development of vehicle control.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT

Item 398 from the Harbors and
Watercraft Revolving Fund

Budget p. 494

Requested 1977-78	\$458,000
Recommend approval	458,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item would appropriate \$458,000 from the Harbors and Watercraft Revolving Fund for acquisition, minor capital outlay and planing projects at State Park System units, and at State Water Project Reservoirs as follows:

(a) Acquisition of land for expansion of parking at Kings Beach (Placer County)	\$55,000
(b) Statewide minor capital outlay projects	383,000
(c) Project planning	20,000
	<hr/> \$458,000

DEPARTMENT OF PARKS AND RECREATION

Item 399 from various Hearst
Castle Special Accounts, Gen-
eral Fund

Budget p. 516

Requested 1977-78	\$510,000
Recommendation pending	510,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the department's request.

This item is for capital outlay restoration and repair projects amounting to \$410,000 at Hearst San Simeon State Historic Park. Construction of a security fence costing \$100,000 is also included.

DEPARTMENT OF PARKS AND RECREATION

Item 400 from the Parks and
Recreation Revolving Ac-
count, General Fund

Budget p. 516

Requested 1977-78	\$2,107,850
Recommendation pending	2,107,850

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested projects.

This item is for state park system capital outlay acquisition and development projects from the Parks and Recreation Revolving Account, General Fund:

(a) Bidwell Mansion SHP—acquisition	\$29,000
(b) Clear Lake SP—acquisition	300,000
(c) Folsom Lake SRA—acquisition	165,000
(d) Henry W. Coe SP—acquisition	30,000
(e) Forest of Nisene Marks SP—acquisition	500,000
(f) Old Town San Diego SHP—Mission Playhouse, construction	483,850
(g) Yolanda Ranch—acquisition	600,000
	<u>\$2,107,850</u>

State Park System Acquisition Program

Over the last twelve years approximately \$275 million has been made available to the Department of Parks and Recreation for state park acquisitions as a result of appropriations made under four bond acts, annual budget acts and special legislation. Proposition 2 on the November 1976 ballot (State, Urban and Coastal Park Bond Act) made another \$125 million available for appropriation to the department.

The State Park System now consists of over one million acres and approximately 30,000 acres are being added each year by the department's acquisition program at a cost of roughly \$35 million.

Many of these acquisitions are needed for development of campgrounds and other recreational or historic preservation purposes. However, a growing number of acquisitions are for purposes of protecting scenic and ecological areas from development with no specific use in mind.

In recent years, we have developed a number of concerns about the department's acquisition program. We have pointed out these concerns to the legislative fiscal committees during budget hearings on proposed acquisitions in order to secure legislative direction in this important area.

This year three problem areas in the department's acquisition program deserve emphasis: (1) inability of the department to handle an increasing backlog of authorized acquisitions, (2) increasing complexities and deficiencies in the acquisition process (e.g., project selection, appraisals, implied dedication, coastal regulation, and condemnation) and (3) problems of coordination between the Department of Parks and Recreation, Real

DEPARTMENT OF PARKS AND RECREATION—Continued

Estate Services Division, and the Attorney General's office.

Backlog of Acquisitions

In prior Analyses, we have listed the state park system acquisitions which are not completed in order to inform the Legislature of the magnitude of the acquisition program approved in prior Budget Acts and special bills.

Table 1 shows the most current information relative to the department's acquisition backlog. Many of these acquisitions are partially completed as shown by the remaining balance of appropriations and the acreage acquired or remaining to be acquired.

PARKS AND RECREATION

Table 1

ACQUISITIONS NOT COMPLETED**APPROPRIATIONS AND EXPENDITURES AS OF NOVEMBER 30, 1976**

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

<i>Project (Appropriations)</i>	<i>Amount Available</i>	<i>Expenditure</i>	<i>Balance</i>	<i>Acquired To Date</i>	<i>Acres To Be Acquired</i>
American River Trail (Item 386/76)	\$650,000	\$235	\$649,765	—	58.87
Año Nuevo (Ch 1484/74, Item 410.7B)	1,000,000	622,671	377,329	161.00	61.00
Anza-Borrego (Item 382.2/74)	30,000	—	30,000	20.00	72.50
(Ch 1484/74, Item 410.7B)	1,100,000	811,570	288,430	1,929.56	584.21
(Ch 350/76, Item 411.2C)	325,000	—	325,000	—	667.00
Atascadero SB (Ch 350/76, Item 411.2C)	900,000	—	900,000	—	30.00
Bear Harbor Ranch (Item 350/73)	2,069,000	2,067,305	1,695	3,430.00	180.00
(Ch 1521/74)	250,000	1,125	248,875	—	Augmentation
Benbow Lake SRA (Item 387/76)	50,000	—	50,000	—	—
Big Basin Redwoods (Item 382/74)	70,000	—	70,000	—	80.00
(Ch 1483/74, Item 410.7B)	250,000	9,934	240,066	—	173.00
(Item 386/76)	26,000	—	26,000	—	212.00
(Ch 350/76, Item 411.2C)	1,250,000	—	1,250,000	—	1,300
Bodie SHP (Ch 1484/74, Item 410.7b)	75,000	2,887	72,113	—	225.00
Border Field (Ch 1484.74, Item 410.7B)	3,000,000	47,100	2,952,900	—	446.00

Item 400

CAPITAL OUTLAY / 1091

(Ch 927/75, Item A)	3,000,000	—	3,000,000	—	Augmentation
Bothe-Napa					
(Ch 1484/74, Item 410.7B)	779,000	628,829	150,171	44954	146.96
Burton Creek					
(Ch 1064/73)	6,000,000	1,386,056	4,613,944	574.61	1,275.39
Candlestick Park					
(Item 350/73)	10,000,000	4,251,291	5,748,709	53.32	48.53
Carmel River					
(Ch 1484/74, Item 410.7B)	1,987,000	19,734	1,967,266	—	36.50
Castle Rock					
(Item 382/74)	30,000	—	30,000	—	80.00
(Item 367/75)	18,000	—	18,000	—	56.50
(Item 386/76)	52,000	—	52,000	—	23.70
(Item 387/76)	30,000	—	30,000	—	240.00
(Ch 350/76, Item 411.2C)	600,000	—	600,000	—	600.00
China Camp					
(Item 386/76)	2,250,000	—	2,250,000	—	1,513.00
(Ch 1379/76, Item 386) ..	250,000	—	250,000	—	Augmentation
Clark Lake					
(Ch 350/76, Item 411.2C)	1,200,000	—	1,200,000	—	10,800
Col. Allensworth					
(Item 318.2/72)	200,000	200,000	—	159.09	14.52
(Ch 1484/74, Item 410.7B)	300,000	58,579	241,421	—	Augmentation
Columbia SHP					
(Ch 1484/74, Item 410.7B)	430,000	48,522	381,478	0.25	7.15
Corral Beach					
(Ch 1521/74)	2,000,000	27,391	1,972,609	—	4.80
Cosumnes River					
(Ch 1484/74, Item 410.7B)	2,500,000	—	2,500,000	—	3,450.00
Coyote River Parkway					
(Item 423/66)	2,500,000	2,152,286	347,714	—	Relocation
Cuyamaca Rancho					
(Ch 1484/74, Item 410.7B)	1,800,000	1,419,194	380,806	2,003.00	0.30
Delta Meadows					
(Ch 1379/76, Item 403.1J)	970,000	—	970,000	—	—
Delta Channels Islands					
(Ch 1484/74, Item 410.7B)	500,000	509	499,491	—	1,000.00
Doheny SB					
(Ch 1521/74)	750,000	1,160	748,840	—	3.27
El Capitan					
(Ch 1484/74, Item 410.7B)	2,500,000	5,184	2,494,816	—	296.76
El Matador Beach/Carma Ranch					
(Ch 502/76)	1,300,000	—	1,300,000	—	16.00
(Ch 1440.76)	1,000,000	—	1,000,000	—	Augmentation
El Pescador Beach					
(Ch 1440/76)	550,000	—	550,000	—	9.17
Folsom Lake					
(Item 369/75)	483,000	390,678	92,322	94.13	44.64
Forest of the Nisene Marks SP					
(Ch 350/76, Item 411.2C)					

PARKS AND RECREATION—Continued

	150,000	—	150,000	—	50.00
Fort Ross					
(Item 350/73)	742,217	700,072	42,145	239.12	394.88
(Ch 1521/74)	750,000	—	750,000	—	Augmentation
Caviota/Refugio					
(Item 423/66)	4,519,558	4,445,824	73,734	2,286.13	200.00
Hendy Woods					
(Ch 983/73)	300,000	9,263	290,737	—	36.80
Hollister Hills					
(Ch 542/74)	1,400,000	889,541	510,459	2,450.00	870.00
Humboldt Redwoods					
(Item 318.1/72)	490,000	36,150	453,850	45.33	525.67
(Item 382/74)	357,000	—	357,000	—	309.69
(Item 382.1/74)	135,000	—	135,000	—	151.00
(Item 367/75)	300,000	—	300,000	—	138.87
Huntington SB					
(Item 386/76)	1,250,000	594	1,249,406	—	24.59
Indian Grinding Rock					
(Ch 1201/75, Item 387N)	250,000	355	249,645	—	220.00
Inverness Ridge					
(Item 350/73)	1,000,000	1,000,000	—	427.43	704.57
(Ch 1521/74)	500,000	17,851	482,149	—	Augmentation
Jetty Beach					
(Item 379/73)	500,000	3,801	496,199	—	55.40
Julia P. Burns					
(Ch 1484/74, Item 410.7B)	125,000	2,130	122,870	—	120.00
Jack London SHP					
(Item 386/76)	300,000	—	300,000	—	61.00
La Piedra Beach					
(Ch 1440/76)	1,200,000	—	1,200,000	—	10.53
Las Tunas Beach					
(Ch 1521/74)	500,000	229,684	270,316	0.62	0.15
Leo Carrillo					
(Ch 983/73)	1,900,000	1,404,844	495,156	12.65	13.02
(Ch 1484/74, Item 410.7B)	1,930,000	708,462	1,221,538	—	Augmentation
(Ch 1521/74)	1,062,000	682,918	379,082	2.46	7.54
(Ch 350/76, Item 411.2C)	2,500,000	—	2,500,000	—	460.00
Los Liones Canyon					
(Ch 1077/75)	1,000,000	11,319	988,681	—	32.00
MacKerricher SP					
(Item 350/73)	175,000	67,030	107,970	10.25	0.95
Malibu Creek					
(Item 379/73)	5,700,000	4,907,132	792,868	2,604.52	—
(Ch 1521/72)	7,000,000	4,112,710	2,887,290	1,029.52	—
Malibu Lagoon					
(Ch 1484/74, Item 410.7B)	3,150,000	18,901	3,131,099	—	27.56
Manchester SB					
(Item 350/73)	400,000	31,097	368,903	—	269.00
Marin County					
(Ch 1020/75)	600,000	—	600,000	—	—
Marina Beach					
(Ch 350/76, Item 411.2C)	2,000,000	1,494	1,998,506	—	169.00
Marshall Gold Discovery SHP					
(Ch 350/76, Item 411.2C)	380,000	—	380,000	—	4.20

Item 400

CAPITAL OUTLAY / 1093

McArthur-Burney Falls Memorial SP (Item 386/76)	300,000	—	300,000	—	200.00
Mendocino Headlands (Ch 1521/74)	550,000	372,471	177,529	196.72	5.28
(Ch 340/75)	200,000	—	200,000	—	10.31
Monterey SHP (Item 386/76)	564,000	—	564,000	—	2.70
Morro Bay (Ch 1514/74, Item 410.3H)	1,000,000	496,800	503,200	488.00	272.00
Mount Diablo (Ch 1484/74, Item 410.7B)	3,000,000	1,304,168	1,695,832	1,549.50	413.70
Natural Bridges SB (Ch 1313/76)	315,000	—	315,000	—	11.00
Newport & Laguna Beach (Item 410.2/74)	7,600,000	14,960	7,585,040	—	1,500.00
North Coastal (Ch 1139/73)	1,000,000	547,025	452,975	—	Augmentation
Ocotillo Wells (Ch 741/75)	2,100,000	42,436	2,057,564	602.97	11,747.03
Old Town San Diego (Item 350/73)	297,000	275,830	21,170	0.72	Relocation
(Item 379/73)	950,000	3,273	946,727	—	8.44
(Ch 1484/74, Item 410.7B)	350,000	729	349,271	—	—
Pacifica Beach (Ch 853/75)	250,000	—	250,000	—	—
Pan Pacific Park (Ch 987/75, Item 410.7D)	3,000,000	—	3,000,000	—	31.00
Patrick's Point (Ch 1484/74, Item 410.7B)	593,000	15,388	577,612	—	200.00
Pescadero SB (Ch 1484/74, Item 410.7B)	700,000	126,816	573,184	21.07	372.38
Petaluma Adobe SHP (Ch 350/76, Item 411.2C)	80,000	—	80,000	—	13.72
Pismo SB (Ch 1440/76)	4,000,000	—	4,000,000	—	—
Point Mugu SP (Ch 350/76, Item 411.2C)	500,000	—	500,000	—	640.00
Poppy Preserve (Ch 1521/74)	975,000	502,315	472,685	1,080.00	870.00
Pomponio (Ch 1484/74, Item 410.7B)	150,000	12,121	137,879	14.78	6.90
Pygmy Forest (Ch 1484/74, Item 410.7B)	1,650,000	1,537,365	112,635	580.53	115.03
Rancho Olompali (Ch 30/75, Item 410.9f) ..	172,000	—	172,000	—	700.00
Red Rock Canyon (Item 350/73)	350,000	295,847	54,153	1,019.97	992.03
(Ch 1521/74)	450,000	458	449,542	—	Augmentation
Salt Point (Ch 1521/74)	1,100,000	911,398	188,602	192.45	32.55
(Ch 1440/76)	3,000,000	—	3,000,000	—	—
San Bruno Mountain (Ch 350/76, Item 411.2C)					

PARKS AND RECREATION—Continued

	4,000,000	—	4,000,000	—	—
San Gregorio State Beach (Ch 350/76, Item 411.2C)	35,000	—	35,000	—	2.75
San Luis Island (Ch 1484/74, Item 410.7B)	1,500,000	595	1,499,405	—	—
Santa Cruz Mountains (Ch 1423/72)	2,500,000	1,682,004	817,996	1,581.00	—
(Ch 744/75)	300,000	4,009	295,991	—	—
Santa Monica Mountains (Item 423/66)	8,000,000	7,764,503	235,497	2,293.77	Relocation
(Item 401.1/74)	310,000	309,712	288	—	Augmentation
(Ch 1484/74, Item 410.7B)	3,900,000	3,913	3,896,087	—	1,577.00
(Ch 1014/75)	1,000,000	—	1,000,000	—	375.00
Santa Monica/Pacific Ocean Park (Item 350/73)	1,980,000	1,907,717	72,283	1.88	1.12
Schooner Gulch and Bowl- ing Ball Beach (Ch 983/73)	200,000	20,227	179,773	—	47.00
(Ch 1521/74)	70,000	—	70,000	—	Augmentation
Sonoma Coast (Item 350/73)	3,925,000	1,920,028	2,004,972	463.36	250.00
South Carlsbad (Ch 1484/74, Item 410.7B)	3,070,000	2,276,948	793,052	24.00	12.00
Stanford Home (Item 379/73)	951,000	15,433	935,567	—	—
Standish Hickey (Item 367/75)	200,000	—	200,000	—	105.00
Tao House (Ch 1326/76)	255,000	—	255,000	—	13.90
Tomaes Bay (Ch 1521/74)	2,000,000	579,480	1,420,520	22.12	537.88
Topanga Canyon (Item 322/72)	459,000	2,592	456,408	—	0.30
Torrey Pines (Ch 1521/74)	200,000	200,000	—	8.91	3.52
(Ch 881/75)	250,000	185,933	64,067	—	Augmentation
Truckee River Outlet (Item 386/76)	350,000	—	350,000	—	10.00
Usal Ranch (Ch 1521/74)	500,000	—	500,000	—	2,440.00
Van Damme (Ch 1484/74, Item 410.7B)	220,000	683	219,317	—	169.00
Ward Creek (Item 382/74)	500,000	—	500,000	—	178.00
Wilder Ranch (Item 350/73)	6,000,000	5,266,242	733,758	3,150.80	749.20
Willow Creek (Ch 983/73)	750,000	481,567	268,433	349.00	1.00
TOTALS	<u>\$176,210,775</u>	<u>\$62,514,398</u>	<u>\$113,696,377</u>	<u>34,624.08</u>	<u>53,229.93</u>

Project Delays. It is significant that the backlog has grown to approximately \$113 million. The Real Estate Services Division indicates that it will

take three to four years to substantially reduce this backlog even if no new acquisition appropriations are added. Most of the 130 projects shown in Table 1 are 3 to 4 years old and some are 7 to 11 years old.

The amount of time required for acquisition of park properties has always been lengthy because of the time needed for survey, appraisal, negotiation and escrow activities. However, the recent addition of implied dedication determinations, owner relocation payments and more procedural safeguards for condemnation actions have substantially complicated the acquisition process.

Problems for Property Owners. The increasing backlog of acquisition projects and the long delays in completing acquisitions are creating problems for property owners. They are uncertain as to the state's intentions and must meet holding costs such as property taxes for long periods.

As an added concern, acquisition costs are escalating approximately 15 percent for every year of delay. This results in many acquisitions exceeding appropriations when finally completed.

Increased Number of Reappropriations

The dramatic growth in requests for reappropriations (Items 429, 434 and 436 and Section 10.06 of the Budget Bill) is further indication that the department is taking on more acquisition projects than it can handle in the period in which appropriations are available. Because of the large number of reappropriations it is a difficult and voluminous task to determine if the appropriation should be reverted or if reappropriation is justified.

To the extent that information is available we will be recommending in our supplemental analysis of the above items and Section 10.06 that requested reappropriations be denied if the projects are not moving because of major problems or the projects are of marginal value to the State Park System compared to newly proposed projects.

New Acquisition Projects

During the budget year the department is requesting appropriations totaling \$38.2 million from various funds for new park and coastal acquisitions. Preliminary review of the requested acquisitions indicates that the department has not provided sufficient information as to (a) how these projects were selected, (b) what their relative priority is compared to other potential acquisitions, (c) the intended use of the property in the State Park System, and (d) ownership, property boundaries, the basis for estimated cost, and problems which may affect acquisition of the property.

Because the department's requested acquisition program for the budget year will add substantially to its workload we plan to recommend that the Legislature limit appropriations for new acquisition projects to those which have clear and compelling justification. This curtailment of appropriations for new projects should continue until the department's workload is reduced to a level which can be handled in a period of one to two years.

Deficiencies in Acquisition Process

In the past, the acquisition of property for the State Park System was relatively direct and simple. Conditions are changing rapidly and no longer is the state evaluating a limited number of relatively similar park acquisitions for new park units. Instead, the acquisitions consist of numerous dissimilar properties. The park system has become a depository for properties not associated with the traditional park concepts. The purpose of acquisitions has become diverse and uncertain. Some are proposed by the Coastal Zone Conservation and Development Commission in order to eliminate prospective development of property. Some are proposed to provide local access or coastal viewpoints or merely to place property in public ownership. Some are proposed by local governments to serve essentially local needs. Finally, some are proposed by the Department of Parks and Recreation for a variety of reasons such as expansion of historic sites into units with park qualities, acquisition of in-holdings, partial gifts-of-the-fee and opportunity purchases.

Project Selection. There is not always a clear justification why a parcel is being acquired for the State Park System or a realistic understanding of what its development or use potential may be. Accordingly, it is increasingly difficult to compare objectively the usefulness of acquisitions to determine whether any particular property warrants the price that the state must pay for it, particularly in relation to other projects. In many instances, specific information as to what property is to be acquired and realistic budget estimates are not available at the time of legislative authorization and appropriation.

The department is currently working on the development of a selection system for acquisitions. We have reviewed preliminary information relative to this system and find that considerable work remains to be done before the department can place its proposed acquisitions in a valid order of priority. In most cases, the department has not acquired sufficient information to support adequately its selected acquisitions and their assigned priority.

Appraisals. Occasionally the state acquires property based on its commercial use rather than its park potential. This makes it difficult to weigh the price the state should pay to acquire park properties with non-commercial park values. Recreational, aesthetic and open-space considerations are very important in park acquisitions but their market value may be difficult to determine. Appraisals are generally based on the highest and best use which is a commercial rather than an esthetic valuation.

Gifts. Gifts of a portion of the appraised value of a property may be proposed to the Legislature at the time an acquisition is authorized. Such gifts are rarely detailed in writing and it subsequently becomes difficult to assure that the promised gift is made to the state when the acquisition is placed in escrow.

Implied Dedications. The requirement by the Legislature that implied dedications (public access easements) should be evaluated and appropriate deductions made from the market price requires not only identifying and substantiating the extent of the implied dedication but also converting it to a dollar amount. The principle of implied dedication appears to be

difficult for appraisers to apply in many situations. It has been our observation that appraisers tend to discuss the matter and then indicate that somehow an allowance has been made for implied dedication because in some unspecified manner it has been included in the price of comparable properties studied by the appraiser. We have discussed this matter with the Real Estate Services Division and the Attorney General who are attempting to improve their administration of the statutory directive on implied dedications.

Local Restrictions. Local zoning and other restrictions frequently affect the value of property. The appraiser seeks to determine the highest and best use of a property and in many cases will determine this use by ascertaining the local zoning of the property. In a number of cases even remotely located property is zoned for subdivisions or small ranchettes. We believe the state should discount inflated zoning in purchasing property.

Coastal Legislation. Proposition 20, and Chapter 1330, Statutes of 1976, (Senate Bill 1277), which extended state controls over development of coastal lands, have introduced major problems in appraising coastal property. The recent uncertainty whether the Legislature would extend coastal regulations beyond the January 1977 termination date of Proposition 20, has been an almost insurmountable problem for appraisals made in the last calendar year. Furthermore, it will be some time before the planning and regulatory processes involved in implementing SB 1277 will be sufficiently developed and understood to have their effect included in the appraisals.

In the past, appraisals for coastal acquisitions have been valued primarily on the basis of local zoning even though Proposition 20 provided for more stringent limitations on development than allowed by local government. Recently, in a condemnation action a court declined to consider the denial of a development permit by the Coastal Commission as being a valid basis for valuation of the property. The court would not approve a reduced valuation on the property because the court believed that the police powers of the state were being used to deny development and thereby reduce the acquisition cost. Further legal analysis and litigation may be necessary to resolve this problem.

In addition, Proposition 20 required the Coastal Commission to recommend specific lands for state acquisition, the development of which the commission must also regulate. It thus appears that in some instances the Coastal Commission is both regulating development of the lands and proposing the lands for state acquisition.

Utility Services. The evaluation of individual properties, particularly those along the coast, frequently requires consideration of utility services and their relative availability or cost to secure. This introduces engineering considerations which some appraisers are not qualified to handle and increases the possibility of delays and errors being committed.

Discount for Market Absorption. Frequently when property is valued on the basis of comparables or the capability of the site for development, it is necessary to discount the resulting value because not all of a large parcel can be subdivided and marketed at one time, or because multiple

ownerships will not be developed simultaneously. There is a tendency for appraisers to assume that a series of parcels which have been undeveloped for many years will be developed almost immediately and to value the property on such a basis. The result is a higher price than would be warranted by appropriate discounts for market absorption.

Scarcity of Comparables. It is becoming increasingly difficult for appraisers to find private property transactions which reflect a realistic market value for property which is similar or comparable to that which is being purchased by the state. The state has been acquiring major properties along the coastline, but these state acquisition prices are excluded by law from the appraisal and valuation process. The private transactions on comparable properties establishes the free market value. Too frequently the appraiser must adjust sales data, using his judgment because the property is not truly comparable, or because the closest comparable purchase has been made by the state. In at least one instance (at Border Field in San Diego County) there is no comparable and no customary basis for appraisal. We can increasingly expect that unique pieces of terrain, estuaries, marshes, etc., along the coastline will be more and more difficult to appraise in terms of comparables. This means that the valuation process is becoming increasingly subjective.

Negotiation. Following the preparation of the appraisal and its approval by the Public Works Board, the Division of Real Estate Services contacts the property owner to determine whether he will accept the amount of the appraisal. The appraisal price is normally the only one the state considers. By administrative practice the property owner is given the alternative of taking the offer or being condemned. Although the process is technically called "negotiation", there is little negotiation. The owner's asking price is rarely the basis for negotiation even though the property acquisition law allows the Public Works Board to acquire property at a price which is determined to be *fair and reasonable* rather than the *fair market* price as determined by the appraisal.

We should emphasize that the negotiation process is not truly a matter of negotiation. The appraisers are aware that unless the amount of the appraisal is generous, the property owner may not accept it and condemnation will result. Thus, the judgment of the appraiser rather than the negotiator may be the key factor in minimizing the state's acquisitions cost and difficulties.

Condemnation. Any significant difference between the property owner and the state usually moves the acquisition into the condemnation process. Condemnation is an easy resolution of the acquisition difficulties for the Department of Parks and Recreation, the Real Estate Services Division, and the Public Works Board. The difficulties are transferred to the Attorney General.

The deputy attorney general may negotiate an out-of-court settlement because at this stage there are no limitations on the price the state can pay although such a settlement must be approved by the Public Works Board. The result of condemnation will be no less than the state's appraisal and frequently runs up to 100 percent in excess of the appraisal.

The court atmosphere tends to protect the property owner and to in-

sure that he is adequately compensated for his property. This is logical because the court assumes that the state has an important public need for the property which is presumed to overcome the private need. Unfortunately, it is not always possible to specify precise and meaningful reasons why the state is purchasing a particular piece of property in relation to other potential acquisitions. As a consequence some acquisitions of a marginal nature are condemned on a routine basis as though the land were of utmost importance to the State Park System. Obviously, with the large number of acquisitions now authorized, not all are of equal importance. The state has no working process to screen acquisitions to assure that condemnation is warranted.

The cost of condemnation actions has been very high. Table 2 shows the outcome of six condemnations in the past three years.

Table 2
Condemnation Actions

<i>Owner</i>	<i>Date</i>	<i>Appraisal</i>	<i>Settlement</i>
Mirza, San Francisco	March 1976	\$700,000	\$932,899
Talleur, Sonoma County	December 1976	175,000	350,000
Baker, Sinsheimer and Ogle, San Luis Obispo County	December 1975	802,250	1,650,718
Hudson, Monterey County	December 1974	1,750,000	4,300,000
Smothers, Santa Barbara	June 1976	515,000	2,400,000
Angress, Marin County	September 1976	155,000	525,000
		<u>\$4,097,250</u>	<u>\$10,158,617</u>

The total cost to the state for these six condemnation actions is approximately \$10.2 million not including the Attorney General's costs. When compared to the total of the appraisals, the final settlements represent an increased cost of \$5.4 million or 125 percent. It is doubtful that all of these acquisitions represent added value to the State Park System equivalent to their cost.

We should emphasize that the condemnation action tends to shift the complex problems of project appraisal and negotiation to the Attorney General. This increases the workload of the Attorney General and total acquisition costs. We believe that the Real Estate Services Division and the Department of Parks and Recreation should reemphasize the negotiation process. The Public Works Board has the authority to exceed an appraisal (Government Code Section 15854.5(d)) in lieu of condemnation. We believe that it should screen all condemnations and decline condemnation authority where negotiation may be expected to be successful and save money.

Inverse Condemnations. In a number of recent cases inverse condemnations have been brought against the state where property has been authorized to be acquired, and statements have been made by public officials that state acquisitions will occur. However state acquisition did not proceed on a timely basis for fiscal, policy, or technical reasons. These inverse condemnation suits tend to be disruptive of the normal appraisal and acquisition processes. They also cause negotiations for the purchase of the property to be slighted because it is expected that a court action will

eventually occur.

Changes Needed. In order to implement necessary corrective actions in the acquisition process, we offer two basic recommendations:

First, we recommend more careful specification of purpose, justification, and expected costs for acquisitions at the time acquisition is authorized by the Legislature and at the time condemnation is authorized.

Second, we recommend more flexibility for the appraisal and negotiation processes. In essence this means making a genuine effort to arrive at an understanding with the property owner and consummating more acquisitions without condemnation or perhaps terminating the acquisition.

Program Coordination

Further complication of the acquisition program results from fragmentation of functional responsibilities and poor coordination between the Department of Parks and Recreation, Real Estate Services Division and the Attorney General's Office. For more effective management of the acquisition program, we recommend organizational and procedural changes in the Department of Parks and Recreation, Real Estate Services Division, and Attorney General's office in order to achieve improved coordination and communication and to reduce delays. Consideration should be given to forming a special task force made up of specialists from all three organizations which would report directly to the Director of Parks and Recreation.

Legal Actions. We further recommend the Real Estate Services Division and the Attorney General be required to report immediately all legal actions (i.e.: inverse condemnation filings and other actions) related to property acquisitions to the Public Works Board for its information. Notifications of such actions should be included in the board's monthly meeting agenda.

DEPARTMENT OF PARKS AND RECREATION

Item 401 from the Bagley Conservation Fund

Budget p. 516

Requested 1977-78	\$785,639
Recommendation pending	785,639

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested projects.

This item is for state park system construction planning and a development project from the Bagley Conservation Fund:

(a) Design and construction planning	\$47,622
(b) Seacliff SB—day use and sanitary facilities development	738,017
	<hr/> \$785,639

DEPARTMENT OF PARKS AND RECREATION**Item 402 from the Collier Park
Preservation Fund**

Budget p. 516

Requested 1977-78	\$5,323,315
Recommendation pending	5,323,315

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested projects.

This item is for state park system acquisitions, development, beach erosion, and minor capital outlay projects from the Collier Park Preservation Fund:

(a) Acquisition costs	\$100,000
(b) Ano Nuevo SRA—acquisition	840,000
(c) Bolsa Chica SB—sand replenishment	86,600
(d) Huntington SB—day use, working drawings	260,040
(e) La Purisima Mission SHP—acquisition	682,000
(f) Malakoff Diggins SHP—acquisition	69,000
(g) McGrath SB—sewage system, development	347,200
(h) Old Sacramento SHP—acquisition.....	72,000
(i) Opportunity purchases.....	237,000
(j) Purchase of artifacts for state historic projects	100,000
(k) Saddleback Butte SP—facility improvements.....	416,500
(l) San Buenaventura SB—storage building, construction	145,650
(m) San Buenaventura SB—campground development....	373,550
(n) Minor capital outlay	1,593,775
	<u>\$5,323,315</u>

DEPARTMENT OF PARKS AND RECREATION**Item 403 from the State Park
Contingent Fund**

Budget p. 516

Requested 1977-78	Reimbursement
Recommendation pending	Reimbursement

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the proposed projects.

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

This item proposes to authorize, through the State Park Contingent Fund, the following state park acquisition projects on a fully reimbursed

DEPARTMENT OF PARKS AND RECREATION—Continued

(no state cost) basis:

(a) Big Basin Redwoods SP—acquisition.....	\$137,500
(b) Castle Rock SP—acquisition	57,750
(c) Portola SP—acquisition	350,000
(d) Rancho Olompali—acquisition	350,000
(e) Forest of Nisene Marks SP—acquisition.....	150,000
(f) Reimbursements—Sempervirens Fund.....	—97,625
(g) Reimbursements—Save-the-Redwoods League	—250,000
(h) Reimbursements—County of Marin	—175,000
(i) Reimbursements—Federal Land and Water Conserva- tion Fund.....	<u>—522,625</u>
	-0-

DEPARTMENT OF PARKS AND RECREATIONItem 404 from the General
Fund

Budget p. 537

Requested 1977-78	\$146,000
Recommendation pending	146,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested projects.

This item is for Cal Expo planning and working drawings for new facilities from the General Fund:

(a) Concessions facilities, preliminary planning and working drawings.....	\$54,000
(b) Expo Center, preliminary planning and working drawings.....	<u>92,000</u>
	\$146,000

DEPARTMENT OF WATER RESOURCES

Item 405 from the General

Fund

Budget p. 555

Requested 1977-78	\$2,125,000
Recommended approval	2,125,000

ANALYSIS AND RECOMMENDATIONS

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

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

(a) Sacramento River and Tributaries Flood Control project	\$50,000
(b) Fairfield Flood Control project	1,000,000
(c) Chester, North Fork Feather River Flood Control project	10,000
(d) San Joaquin River and Tributaries Flood Control project	15,000
(e) Fresno River Flood Control project	25,000
(f) Chowchilla River Flood Control project.....	25,000
(g) Sacramento River Bank Protection project.....	1,000,000

DEPARTMENT OF WATER RESOURCES

Item 406 from the General
Fund

Budget p. 555

Requested 1977-78	\$1,188,000
Recommended approval	1,164,160
Recommended reduction	23,840

SUMMARY OF RECOMMENDATIONS

Analysis
page

1. *Sutter Bypass Rehabilitation. Reduce by \$23,840. Recommend reduction of construction estimate.* 1104

ANALYSIS AND RECOMMENDATIONS

Flood Warning Telemetry System

We recommend approval.

This request is for 22 flood warning telemetered hydrologic data stations and appurtenant equipment in the amount of \$364,000 to complete the project. These stations are part of the North Coast Telemetry System.

The existing system is approximately 10 years old and is comprised of both automatic and manual quick-call type stations. This project completes replacement of the entire North Coast system with automatic telemeter stations.

Sutter Bypass Rehabilitation.

We recommend a reduction of \$23,840.

Based upon a study completed in May 1976, the Department of Water Resources (DWR) proposes to replace the 41 year old pumping plant at Wadsworth. This plant pumps drainage water from 17 square miles in the Sutter Buttes area.

We have two problems with this request. One is that the budget provides state funding for only 80 percent of the project cost and requires local sources to fund the remainder. The other problem is that the cost estimate for the project is too high.

State Should Fund Full Cost. The budget estimates a cost of \$1,030,000 to replace the plant. However, the Budget Bill appropriates only \$824,000 from the General Fund which is 80 percent of the estimate. Control language is included to prohibit expenditure of state funds until funds from local sources are made available equal to 20 percent of the project's cost.

We do not concur with this policy. This plant is owned and operated by the state and its replacement should be a state responsibility. Therefore, we believe the state should appropriate 100 percent of the project's cost. If funds are subsequently obtained from local sources, they should be used to offset the state's cost in the form of reimbursements.

Cost Estimate Too High. Our second problem with the proposal is that we believe the project cost estimate of \$1,030,000 is \$229,840 too high. The differences between the budget estimate of \$1,030,000 and our estimate of

\$800,160 are summarized in Table 1. They include (1) the contract cost (\$14,590), (2) the amount for contingency purposes (\$104,980), (3) the amount of state operations cost (\$81,270) and (4) an unidentified cost (\$29,000).

Table 1
Differences in Cost Estimates
for Sutter Bypass Rehabilitation Project

	<i>Legislative Analyst's</i>		
	<i>Budget Estimate</i>	<i>Estimate</i>	<i>Difference</i>
Contract Cost.....	\$695,000 ^a	\$680,410 ^b	\$14,590
Contingencies			
@ 20%.....	139,000	—	—
@ 5%.....	—	34,020	104,980
Subtotal.....	\$834,000	\$714,430	\$119,570
State operations			
Cost @ 20%.....	167,000	—	—
@ 12%.....	—	85,730	81,270
Unidentified.....	29,000	—	29,000
Total estimated			
Project cost.....	\$1,030,000	\$800,160	\$229,840

^aUpdated cost by DWR from March, 1975, to July 1977.

^bUpdated cost from March, 1975, to July, 1977, using the ENR cost index.

(1) The \$14,590 difference in the contract cost is related to the method for estimating construction cost increases. We have used the Engineering News Record Index (ENR). The Department of Water Resources has developed a composit index from several sources. The ENR index is used by the Department of Finance for budget purposes and it should also be used by DWR.

(2) The budget estimate contains a contingency of 20 percent. The normal construction contingency is 5 percent. Utilizing the 5 percent factor results in a savings of \$104,980.

(3) The budget estimate includes 20 percent of the estimated construction cost for project management. The standard management charges for this type of project should be 12 percent or less. Twelve percent would provide \$85,730 (a reduction of \$81,270). This amount should be adequate.

(4) The total estimated project cost of \$1,030,000 in the Governor's Budget includes \$29,000 for an unidentified purpose.

In summary, the budget appropriates \$824,000 which is only 80 percent of the \$1,030,000 project cost estimate. Our recommendation is to appropriate \$800,160 which is 100 percent of our reduced cost estimate. Therefore, the net reduction to the appropriation should be \$23,840.

DEPARTMENT OF HEALTH

Item 407 from the General

Fund

Budget p. 642

Requested 1977-78	\$23,149,421
Recommended approval	1,328,693
Recommendation pending	21,820,728

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

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|---|------|
| 1. Statewide—Fire and Life Safety. Item 407(a). Withhold recommendation pending receipt of additional information. | 1107 |
| 2. Napa—Electrical Distribution System. Item 407(d). Withhold recommendation pending submittal of additional information. | 1109 |
| 3. Napa—Electrical Distribution System. Recommend the department report to the fiscal committees detailing work from previously funded project. | 1109 |
| 4. Patton—Boiler Plant. Item 407(f). Withhold recommendation on Boiler Plant pending project clarification. | 1109 |
| 5. Sacramento—Office Buildings 8 and 9, Alteration. Item 407(i). Withhold recommendation pending submittal of additional information. | 1111 |

ANALYSIS AND RECOMMENDATIONS

Air Conditioning—A Progress Report

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

Table 1.

Status of Air Conditioning at State Hospitals

<i>Hospital</i>		<i>Funded budget year</i>	<i>Augmented budget year</i>	<i>Estimated completion</i>
Agnews	Project under construction	1973	1975	4-77
Fairview	Phase I under construction	1973	1975	2-77
	Phase II under construction			12-77
Porterville	Complete	1973	—	
Pacific	Phase I complete	1973	1974	
	Phase II under construction			6-77
Sonoma	Phase I under construction	1973	1975	3-77
	Phase II complete			
	Phase III under construction			3-77
	Phase IV under construction			3-77
	Phase V under construction			11-77
	Phase VI bid opening 9-77			10-78
Stockton	Cottage "E"	1974	—	9-77
Metropolitan	Receiving and Treatment	1975	—	12-77

Statewide—Fire and Life Safety

We withhold recommendation on Item 407(a) \$21,290,888 statewide fire and life safety, pending receipt of additional information.

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

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

Item 407(a) proposes \$21,290,888 to continue a program initiated last year to correct fire and life safety deficiencies in the hospitals. Last year \$8.1 million was provided to rehabilitate 8 buildings, complete drawings for 23 buildings and develop the preliminary plans for 16 buildings. The buildings rehabilitated under this total \$29.4 million program, will house 10,000 patients.

The Department of Health has developed a statewide schedule for the correction of code deficiencies in the state hospitals. The information to correct the fire and life safety deficiencies for each building is listed in priority from a methodology developed by the Department of Health and the State Fire Marshal's office.

The Legislature in the Supplemental Report of the 1976 Budget Act directed the department to report no later than January 1, 1977, a preliminary plan to correct all life safety, panic and fire deficiencies at the state hospitals. Further language required the plan to indicate (1) the department's guidelines to admit patients, (2) the programs to be furnished in the community and (3) the time table to accomplish this plan.

It is our understanding that the department now plans to submit this report by May 1, 1977. Additional discussion of this effort is discussed under the Health Treatment Division, Items 244, 245 and 247 on page 482.

The Governor's Budget projects a year-end population of 15,301 on June 29, 1977 and a year-end population of 14,561 on June 28, 1978. The proposed 1977-78 fire and life safety expenditures are compatible with a population of 10,000 patients. Thus, if the population is not reduced to 10,000 patients, and additional \$14 million would be required to fund fire and life safety code deficiencies in all occupied facilities.

As previously indicated, the Budget Bill proposes \$21,290,888 for fire and life safety. The bill schedules 25 projects (\$7,990,888) plus a \$13.3 million lump-sum amount for unscheduled projects. In addition this item has restrictive language requiring (1) the Department of Finance to give its approval prior to expenditure, and (2) the Department of Health to seek

DEPARTMENT OF HEALTH—Continued

waivers of code accreditation requirements which exceed state code requirements. Table 2 summarizes the expenditures by hospital.

Table 2
Department of Health
Fire and Life Safety
1977-78

Agnews.....	\$2,483,331
Atascadero.....	252,292
Camarillo.....	726,308
Fairview.....	1,419,884
Metropolitan.....	596,348
Napa.....	1,058,177
Pacific.....	—
Patton.....	33,183
Porterville.....	510,365
Sonoma.....	312,806
Stockton.....	598,194
Subtotal.....	7,990,888
Unscheduled.....	13,300,000
Total.....	\$21,290,888

We have two concerns with fire and life safety projects proposed for funding this year. First, all projects to be funded from the \$13.3 million lump-sum should be identified and scheduled under Item 407. This would permit normal budgeting review and approval of the scope and costs of each proposal. It is our understanding that the Department of Finance will provide this schedule by amendment letter. Our second concern is that the cost estimates for the scheduled projects (Item 407(a), 1-25) were prepared two years ago. The department should reevaluate the estimates and adjust them to meet current costs. In January the department plans to solicit bids for the initial fire and life safety project. The results should assist in estimating the proposed projects.

We withhold our recommendation pending receipt of this additional information.

Limit Availability of Construction Funds. Last year, the Legislature limited the availability of construction funds to one year. The department is having success meeting this one-year deadline. The Department of Health informed us on January 3, 1977 that: "All of the hospitals were contacted as to the effect that this accelerated program would have on the hospital operations. Each hospital responded that the work could be accomplished with the clients and staff in the buildings without the creation of additional costs to the project as long as reasonable safety and health precautions were taken by the construction crews. They also stated that this program would aid in their efforts to meet the licensing and the Joint Commission on Accreditation of Hospitals (J.C.A.H.) accreditation requirements."

In addition, the Department of Health quotes the Office of the State Architect (OSA) to the effect that "OSA would be able to meet this schedule (one year)."

Maintaining the policy of limiting availability of construction funds to one year has expedited projects. Based on the above information, the department's proposed capital program can be under construction within the budget year. Thus we recommend continuation of the one-year availability. This recommendation is discussed in full under our analysis of the Department of General Services—Capital Outlay (Item 389).

Public Health Building, Berkeley (Item 407(b))

This project converts office space to provide additional laboratories in the state-owned building in Berkeley. This will reduce overcrowding of laboratory space and correct violations cited by Cal-OSHA and the State Fire Marshal. The estimated cost of \$102,100 is reasonable and we recommend approval.

Repair and Replace Window Plates and Mullions, Sonoma (Item 407(c)).

This project would replace corroded and disintegrated metal window frames and add insulation panels to four ward buildings. The buildings were constructed in 1958 and the windows are so corroded they leak. The insulation panels will save energy costs. The estimated cost of \$249,200 is reasonable and we recommend approval.

Napa—Electrical Distribution System

We withhold recommendation of Item 407(d) \$19,000, pending submittal of additional information.

Further, we recommend the Department of Health report to the fiscal committees detailing the electrical work which was deleted, without review, from a previously funded electrical project.

Planning. The department request is for planning funds (\$19,000) to continue a 1974 project to modernize the primary electrical distribution system. The improvements to the system will increase system flexibility and facilitate locating and isolating electrical problems.

This proposal is one phase of a larger plan to completely rehabilitate the electrical system. The information provided does not indicate (1) the relationship of the proposal to the over-all plan or (2) the cost of the overall plan. This information should be available in order to properly evaluate the current proposal. Thus, we withhold recommendation pending receipt of clarifying project information.

Deleted Work. The Budget Act of 1974 contained a project to rehabilitate the electrical system to meet safety requirements. However, the department apparently on its own initiative, deleted portions of the approved project. This became apparent during review of the current request. However, the extent of work deleted has not been identified. We believe that during budget hearings the department should provide the Legislature details of the approved work that was deleted and the reasons for the deletion.

Boiler Plant Replacements

The Budget Bill contains three projects pertaining to boiler plants: Patton (Item 407(f)), Napa (Item 407(e)) and Stockton (Item 407(g)).

We withhold recommendation of Item 407(f) \$217,500 to replace the

DEPARTMENT OF HEALTH—Continued

boiler plant, Patton State Hospital, pending clarification of the scope of the project.

Patton. The Patton project ostensibly relocates the boiler plant because of the age and seismic deficiencies of the existing building. However, the schematic drawings and estimates prepared for the budget include the boiler plant proposal plus a project to upgrade the hospital's electrical distribution system. Justification for the electrical work has not been provided and it is unrelated to the boiler plant replacement. Thus, we withhold recommendation pending clarification of the electrical work and associated costs.

Napa. Item 407 (e) provides the working drawings (\$102,300) to relocate the Napa boiler plant. The Office of the State Architect (OSA) concludes, "the existing Napa State Hospital (boiler plant building) is an unsafe building which in the event of a significant seismic disturbance could suffer serious building damage, incur bodily injury or loss of life, plus cause the hospital to be without vital services."

This project is within the parameters and guidelines established by the Utilization Report prepared by Kaplan/McLaughlin which indicates "the boiler plant is deficient in structure and equipment and should be replaced near its present location to make maximum utilization of existing steam distribution lines."

This project will provide a new 6,655 square foot boiler plant with three new 37,000 pound-hour boilers. It is to be located near the existing boiler plant to minimize relocation of utility piping. We recommend approval.

Stockton. Item 407 (g) provides \$17,200 for working drawings to replace two obsolete boilers with one new 35,000 pound-hour boiler. The estimated cost for this project is \$236,500.

The boilers to be replaced cannot operate on both natural gas and fuel oil. Thus, when the supply of natural gas is interrupted the boilers are not operative. This situation leaves the institution with an insufficient steam supply for heating, etc. The new boilers will operate on either natural gas or fuel oil. The request is in order and we recommend approval.

Rehabilitation Therapies Building—Porterville

Item 407 (h) provides \$27,500 to develop working drawings for a new rehabilitation therapies building. This project was originally funded in 1975. Because of department delays the availability of the working drawing portion of the approved funds lapsed. The department has assured us that the reasons for the project delay have been resolved and that the drawings will be completed and the project will be under construction in the budget year.

The project provides an indoor area of 10,000 square feet for program and recreational activities during inclement weather and in the evenings. The facility will contain a 6,500 square foot gymnasium, 1,000 square foot physical education room, dressing rooms, shower and toilet areas, equipment storage and office area. We concur with the proposal and recommend approval.

Sacramento Office Alterations, Office Buildings No. 8 and 9

We withhold recommendation of Item 407(i), \$293,340, to alter office buildings 8 and 9 pending receipt of specific project information.

The Department of Health in cooperation with the Department of General Services—Space Management Division is in the midst of reorganizing space in office buildings 8 and 9. The department is attempting to realign departments which have become separated because of expanding growth and reorganizational moves.

This request is premature because supporting documents, including estimates and time schedules, have not been completed. The department has indicated this information will be available prior to budget hearings. Pending receipt of this information we withhold recommendation.

Minor Capital Outlay

Item 407(j), minor capital outlay for the Department of Health, is comprised of 43 projects which provide new, additional or rehabilitated facilities. Each is less than \$100,000 and the proposed 1977-78 program totals \$830,393. The projects range from \$3,808 to install drinking fountains in yard areas at Fairview State Hospital to \$71,200 to install toilet and shower partitions at Patton State Hospital. We have reviewed each project and recommend approval.

EMPLOYMENT DEVELOPMENT DEPARTMENT**Item 408 from the Unemployment Trust Fund**

Budget p. 666

Requested 1977-78	\$3,257,680
Recommended approval	2,251,620
Recommended reduction	29,260
Recommendation pending	976,800

SUMMARY OF RECOMMENDATIONSAnalysis
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1. *Merced. Reduce by \$17,110.* Recommend reduction of building addition budget estimate. 1112
2. *Modesto. Reduce by \$7,150.* Recommend reduction of building addition budget estimate. 1112
3. *Modesto. Reduce by \$2,000.* Recommend reduction of budget estimate for parking project. 1112
4. *San Luis Obispo.* Withhold recommendation to provide construction funds pending selection of a site. 1112
5. *Santa Rosa. Reduce by \$900.* Recommend reduction of budget estimate of project to acquire land and develop parking. 1113
6. *Bakersfield. Reduce by \$900.* Recommend reduction of budget estimate to acquire land and develop project. 1113
7. *Salinas. Reduce \$1,200.* Recommend reduction of budget estimate to acquire land and develop parking. 1113

EMPLOYMENT DEVELOPMENT DEPARTMENT—Continued**ANALYSIS AND RECOMMENDATIONS****Merced—Office Building Alterations**

We recommend deletion of previously appropriated funds from Item 408(a), office addition, Merced, a reduction of \$17,110.

This project (\$379,750) provides a 6,300 square foot addition plus alterations to the Merced office. These changes are to meet the department's projected 1985 needs.

The Budget Act of 1976 provided \$17,110 for working drawings for this project and this amount is included in the 1977-78 budget request.

Modesto—Office Building Alterations

We recommend deletion of previously appropriated funds from Item 408(b), building addition, Modesto office, a reduction of \$7,150.

This project (\$610,300) alters existing space and adds 9,000 square feet to the Modesto office to accommodate projected workload growth through 1987. The proposed changes are necessary and the estimated cost is reasonable. However, \$7,150 for planning has been previously allocated for this project. This amount is erroneously included in the Budget Bill.

Modesto—Parking Facilities

We recommend deletion of previously allocated funds from Item 408(c), parking lot, a reduction of \$2,000.

This project (\$75,000) develops surface parking for 100 cars on a site which is to be acquired this year. Expansion of the Modesto office, Item 408(b), will eliminate a portion of the existing parking.

The budget request does not reflect \$2,000 previously transferred to the project and it should be deleted.

San Luis Obispo—New Field Office

We withhold our recommendation on Item 408(d), new field office pending selection of a site and preparation of an estimate and plans for that site.

Currently the department is attempting to acquire a field office site in San Luis Obispo. Funds for site acquisition were appropriated last year.

The estimated project cost of \$976,800 included in the budget request has been developed for a hypothetical site. The estimate includes costs for site development and utility construction which cannot be determined at this time. In addition the hypothetical site is more than double in size which was approved for acquisition last year.

We recommend the department select a site, prepare a plan and reestimate the project cost. This will provide the necessary information to evaluate the budget request. Until this is accomplished we withhold recommendation.

Van Nuys/Monterey

The budget includes funds to acquire two sites in Van Nuys and one site in Monterey for new field offices. The Van Nuys northwest and southeast site acquisitions will provide approximately 90,000 square feet each for

future field offices. The estimated acquisition price is \$315,000 each. The Monterey site acquisition (\$200,000) will provide approximately 50,000 square feet for a future office. We have reviewed the program and recommend approval.

Santa Rosa/Bakersfield/Salinas

We recommend Items 408(h), (i) and (j) be reduced \$900, \$900 and \$1,200 respectively to reflect funds previously transferred and available for these projects.

The Santa Rosa project is for site acquisition and development for a surface parking lot addition. The site is approximately 18,000 square feet with an estimated project cost of \$104,300. The site is adjacent to the existing state facility which currently does not have adequate public parking spaces. The office is sized to meet the client load until 1985. The added parking will make it possible to remain at least until 1985.

The Bakersfield site acquisition is also for 18,000 square feet and includes paving and landscaping for 54 cars. The estimated development cost for this project is \$92,550.

The Salinas site acquisition is for 26,000 square feet and includes the paving and landscaping for 69 cars. The development costs for this project is estimated at \$141,080.

Because the project estimates do not reflect all of the funds transferred and available, the budget requests are overstated by \$900, \$900 and \$1,200 respectively.

Statewide Planning

The budget includes \$47,000 to provide project plans for future budget requests. The department's five-year plan indicates an anticipated construction budget of \$2,880,000 next year. Assuming 1.5 percent for such planning, the proposed amount is adequate to prepare the anticipated preliminary plans and estimates.

DEPARTMENT OF BENEFIT PAYMENTS

Item 409 from the General
Fund

Budget p. 691

Requested 1977-78	\$26,000
Recommendation pending	26,000

SUMMARY OF RECOMMENDATIONS

Analysis
page

1. Minor Capital Outlay. Withhold recommendation for minor capital outlay project pending receipt of specific project information. 1114

DEPARTMENT OF BENEFIT PAYMENTS—Continued

ANALYSIS AND RECOMMENDATIONS

Minor Capital Outlay

We withhold recommendation pending receipt of specific project information.

This item includes funds for seven minor capital outlay alteration projects. Projects in this category provide new or additional facilities costing \$100,000 or less per project.

The department's program totals \$86,700 of which \$26,000 is from the General Fund, \$24,000 from federal funds and \$36,700 from reimbursements.

Justification submitted in support of the request is not specific and we have requested additional information concerning the scope and cost of each project. Pending receipt of this information, we withhold our recommendation.

DEPARTMENT OF CORRECTIONS

Item 410 from the General

Fund

Budget p. 716

Requested 1977-78	\$2,741,088
Recommended approval	1,894,528
Recommended reduction	591,260
Recommendation pending	255,300

SUMMARY OF RECOMMENDATIONS

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1. *Corona Food Services Building. Reduce by \$209,225. Recommend deletion of excess funds for working drawings.* 1116
2. *California Training Facility, Soledad Sewage Plant. Reduce by \$100,688. Recommend deletion of project to replace sewage plant because the project is unresolved.* 1116
3. *California Institute for Men, Chino Sewage Plant. Withhold recommendation pending additional information.* 1116
4. *California Medical Facility, Vacaville Sewage Plant. Reduce by \$23,347. Recommend deletion of excess funds for connection fees.* 1116
5. *California Men's Colony. San Luis Obispo Sewage Plant. Withhold recommendation pending additional information.* 1116
6. *Frontera, Air-condition Clinic and Hospital. Reduce by \$258,000. Recommend deletion.* 1117

ANALYSIS AND RECOMMENDATIONS

Correctional Facilities

The budget request includes a General Fund reserve of \$94,270,000 for working drawings, construction and equipment for a new 2,400 bed facility in southern California and the repair and upgrading of San Quentin Prison.

The Budget Act of 1976, Item 307.5, provided the Department of Corrections \$92,346 to prepare a facilities plan to be submitted to the Legislature by March 1, 1977. The department is to consider and analyze programs for custody, treatment and rehabilitation and develop a long-range facilities plan to satisfy program needs.

As of January 5, 1977, the male felon population was 17,881. The department anticipates a decline in population for the next nine months and then a steady increase through 1986 when there will be approximately 26,085 male felons. If this projection is correct, an additional 4,972 institutional beds will be required because current male felon prison capacity is 21,113.

Table 1 provides a capacity and population summary by institution.

Table 1
Current Capacity and Population—Male Felons

<i>Institution</i>	<i>Capacity</i>	<i>Population (1-5-77)</i>	<i>Excess Capacity</i>
California Conservation Center (Susanville):	1,224	949	275
Sierra Conservation Center (Jamestown):	1,224	938	286
California Correctional Institution (Tehachapi):	1,177	1,122	55
Correctional Training Facility (Soledad):	3,041	2,522	519
Deuel Vocational Institution (Tracy):	1,523	1,206	317
California State Prison at Folsom:	1,984	1,786	198
California State Prison for Men (Chino):	2,681	2,219	462
California Medical Facility (Vacaville):	1,959	1,877	82
California Mens Colony (San Luis Obispo):			
Main Facility	2,400	2,296	104
West Facility	294	72	222
California State Prison at San Quentin:	2,686	2,179	507
Camps:	920	715	205
Totals:	21,113	17,881	3,232 (15.3%)

Replace San Quentin

Because of the uncertain impact Chapter 1139, Statutes of 1976 (SB 42—determinate sentencing law) will have upon commitment rates and length of stay, projections at this point in time are uncertain. However, we believe consideration should be given to replacing San Quentin Prison as an initial step in any long range facilities plan.

Many studies have been made of the California prison system. These studies have recommended repeatedly the closing of both San Quentin and Folsom. In 1971 the State Board of Corrections reported that both prisons "are immense, yet do not have adequate space for modern programs. They are not secure or safe. Decent living conditions are almost unattainable in them, and they are ugly and depressing. Any major remodeling, in either facility, would cost many millions of dollars. If there is a choice between remodeling and a new facility, the latter choice is by far the better." The Board concluded with a recommendation that replacement facilities be constructed.

Several years ago, we reported an estimated cost to rehabilitate San Quentin in excess of \$45 million as compared to an estimated cost of \$65

DEPARTMENT OF CORRECTIONS—Continued

million to construct a new 2,400 bed institution.

Food Services Building—Corona

We recommend that Item 410(i) new food services building be reduced by deleting excess funds for working drawings, a reduction of \$209,225.

The budget proposes \$418,000 for working drawings for a new central kitchen and dining areas. The existing kitchen is a wood frame building constructed in 1941 and is consistently in violation of health regulations.

We have reviewed the project and recommend approval. However, the Budget Bill includes \$418,000 for working drawings but the Office of the State Architect informs us that for a project of this magnitude \$208,775 is adequate. Thus, we recommend a reduction of \$209,225.

Sewage Plant Projects

The Department of Corrections is proposing sewage treatment projects at Soledad, Chino, Vacaville and San Luis Obispo. A discussion of each proposal and our recommendation follows.

1. Correctional Training Facility, Soledad

We recommend deletion of Item 410(a), remodel and upgrade Correctional Training Facility, Soledad sewage plant, a reduction of \$100,688.

This project is for development of a new sewage treatment facility at the California Training Facility (CTF), Soledad. However, the department has been advised that the City of Soledad has initiated a feasibility study to review the potential mutual benefits of the CTF connecting to the city sewage system. Because of this the department has withdrawn this request.

2. California Institute for Men, Chino.

We withhold recommendation on Item 410(d) to connect the California Institute for Men, Chino to the Chino Basin Municipal Water District pending additional information.

This project is requested to connect the California Institution for Men, Chino to the Chino Basin Municipal Water District at an estimated cost of \$115,300. However, the scope of the project is unresolved. Without specific information and cost estimates we are unable to evaluate the project. Therefore, we withhold recommendation pending receipt of this information.

3. California Medical Facility, Vacaville.

We recommend that Item 410(e), connection of the California Medical Facility sewage system to the City of Vacaville facilities, be reduced, a reduction of \$23,347.

This project proposes to connect the California Medical Facility (CMF) sewage system to the City of Vacaville treatment plant to comply with water quality standards. This approach is more economical than rebuilding the institution's sewage treatment facilities.

The estimate prepared by the Office of the State Architect includes \$250,000 for CMF connection fees. However, an agreement with the City of Vacaville establishes a connection fee of \$226,653, a difference of \$23,347. Therefore, we recommend Item 410(e) be reduced by \$23,347.

4. California Men's Colony, San Luis Obispo.

We withhold our recommendation on Item 410(f), augment California Men's Colony sewage project pending additional information.

The \$140,000 for the California Men's Colony sewage treatment facility would augment a project funded in the Budget Act of 1976. This project has been delayed because additional environmental studies which have been required are not yet completed. Until the studies have been completed, the project scope and cost cannot be determined. Therefore, we withhold our recommendation pending this additional information.

Toilet Replacement Projects

Project Description. The two projects in Items 410(b) and 410(g) are to replace aluminum toilet fixtures that have become a major maintenance problem and health hazard because of excessive metal corrosion with stainless steel fixtures.

Tracy. This project consists of replacing 332 aluminum combination lavatory and toilet fixtures at the Deuel Vocational Institution (DVI). The estimated project cost is \$293,100. We recommend approval.

San Luis Obispo. This project will replace 1,200 aluminum toilets at the California Men's Colony. The estimated project cost is \$700,800. We recommend approval.

Food Service Water Lines, Folsom

Item 410(c) provides \$100,000 to replace the Folsom Prison kitchen hot and cold water lines which were installed 50 years ago. The lines require excessive maintenance and repair and should be replaced. We recommend approval.

Air Condition Clinic and Hospital, Frontera

We recommend deletion of Item 410(h), air condition clinic and hospital, a reduction of \$258,000.

This project proposes \$258,000 to air condition the clinic and replace and upgrade the cooling system for the hospital rooms, wards and surgery. Currently the clinic is cooled by a well-water system. Because this system maintains the clinic at 75 degrees, which is a reasonable temperature, it is unnecessary and inappropriate to change to one that consumes more energy (refrigerant cooling).

Moreover, we believe any proposal to upgrade and replace the existing air conditioning system should be funded in priority with other needs from equipment funds in the department's support and operations budget rather than major capital outlay funds. We would point out, however, the existing system lacks humidity control and does not provide adequate air purification. These deficiencies should be corrected in priority with other departmental needs, utilizing minor capital outlay funds.

Minor Capital Outlay

The department proposes nine projects for \$330,000 to be funded under minor capital outlay, Item 410(j). Projects in this category provide new or additional facilities which cost \$100,000 or less per project.

The projects provide for a variety of needs and range from modification of dining rooms at the Sierra Conservation Center (\$13,510) to construc-

DEPARTMENT OF CORRECTIONS—Continued

tion of a three chair dental clinic at Soledad (\$88,000). We have reviewed each project and recommend approval.

DEPARTMENT OF THE YOUTH AUTHORITY

Item 411 from the General
Fund

Budget p. 733

Requested 1977-78	\$3,982,900
Recommended approval	2,246,000
Recommended reduction	624,000
Recommendation pending	1,112,900

SUMMARY OF RECOMMENDATIONS

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page*

1. *Northern and Southern Reception Center-Clinics. Additional Gymnasiums. Items 411(a) and 411(f). Withhold recommendation pending receipt of additional information.* 1118
2. *Air Condition Living Units. Item 411(b). Reduce by \$624,000. Recommend deletion.* 1119
3. *Whittier. Air Condition Administration Facilities. Withhold recommendation pending additional information.* 1119
4. *Minor Capital Outlay. Item 411(i). Withhold recommendation pending receipt of additional information.* 1120

ANALYSIS AND RECOMMENDATIONS**Additional Gymnasium**

We withhold recommendation on Items 411(a) and (f), additional gymnasium pending receipt of plans and estimates.

The department is requesting working drawing funds for an additional gymnasium at both the northern and southern Reception Center-Clinics. The budget provides \$36,000 for working drawings for each.

Reception center-clinics serve the department as entry and processing centers. A youth generally spends 24 to 28 days at the center while being evaluated for placement to one of the other institutions. It is our understanding that the placement process requires 26 hours, leaving approximately nine hours each day for other activities.

The addition of another gymnasium would provide more facilities to accommodate free time. We believe these facilities should be designed to provide a variety of athletic activities such as wrestling, weight lifting, gymnastics, volleyball, basketball, etc. This would provide a wide range of activities that would appeal to many individuals. The information we have received does not reflect the department's current proposal. Thus, pending receipt of current plans and estimates we withhold our recommendation.

Air Conditioning for Living Units

We recommend deletion of Item 411(b) air conditioning of living units at the Youth Training School, Chino, a reduction of \$624,000.

The Youth Training School (YTS) has three 400-bed living units. This project would provide a central plant and underground chilled water distribution system to supply air conditioning to the living units.

Air conditioning for this type of facility within correctional institutions is a departure from current state practice. The statewide cost implications are significant and should be considered before implementing a change. In addition, the department should provide a priority list of buildings, statewide, that could be considered for air conditioning. This list should also indicate long-range cost implications, including staffing requirements.

This policy should also be evaluated in relation to the need to conserve energy. A thorough study of the benefits and costs, including energy consumption considerations, should be undertaken prior to air conditioning these facilities.

Without information of this type, we cannot recommend approval of this request.

Reroofing Projects

The Budget Bill provides four projects to reroof four institutions. A survey by the office of the State Architect supports the request. We have reviewed these projects and recommend approval. Table 1 lists the projects by item and institution:

Table 1
Department of the Youth Authority
Reroofing Projects

<i>Item</i>	<i>Institution</i>	<i>Budget Bill Amount</i>
411(c)	Southern California Reception Center-Clinic, Norwalk.....	\$443,500
411(d)	Preston School of Industry, Lone	317,000
411(e)	Northern Reception Center-Clinic, Sacramento	162,000
411(g)	El Paso de Robles School, Paso Robles.....	242,900

Air Conditioning Administration Facilities—Whittier

We withhold our recommendation for Item 411(h) air condition and upgrade of the heating system administration buildings, pending receipt of additional information.

The main administration building was built in 1927. The original steam radiator system is no longer efficient and requires "constant" maintenance. This project proposes to replace the existing system with a central heating and air conditioning system.

The administration annex building was constructed in 1960 without air conditioning. This project would modify the air distribution system and add air conditioning.

Because of the need to conserve energy, the installation of air conditioning in older facilities should be studied carefully. A thorough study of the benefits and costs, including energy consumption considerations, should

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

be undertaken prior to air conditioning these facilities. In view of this, we recommend the heating and air distribution systems be upgraded and the system designed to enable future addition of air conditioning. In this manner, air conditioning could be added if justified by a cost/benefit analysis.

Therefore, we withhold recommendation for this project for \$140,900 pending receipt of (1) cost information to provide heating and ventilation only and/or (2) cost/benefit for air conditioning.

Security Sound Systems

This project, Item 411(i), is to rehabilitate and upgrade the security sound system for \$1,080,300 at the five institutions listed in Table 2.

Table 2
Department of the Youth Authority
Security Sound System Projects

<i>Location</i>	<i>Estimated Cost</i>
Southern Reception Center-Clinic, Norwalk	\$174,540
Ventura School	237,610
Northern Reception Center-Clinic, Sacramento	185,530
El Paso de Robles School, Paso Robles	174,170
Southern California Youth Authority, Chino	308,450
Total	\$1,080,300

The existing security sound systems are to be modernized by replacing all obsolete tube-type equipment with modern transistorized equipment. The new control consoles will combine automatic and manual emergency alarms.

These projects are necessary because of the high maintenance and the limited availability of replacement parts for the existing equipment. However, the new control consoles should not simply duplicate the old systems with more advanced electronic equipment.

For the past several years, additional control room equipment has been added in an uncoordinated manner. This equipment is dispersed throughout the control room and is becoming impossible for one person to operate the existing equipment adequately. Because of this, we believe one criterion for the new consoles should be the development of a "hands-free" type of operation similar to California Highway Patrol dispatch consoles. This permits an individual to operate the control panel by using the foot to switch the microphone on and leaves the hands free for writing, etc. This type of system would be compact and efficient and permit current staff to handle existing and future security system elements.

Minor Capital Outlay

We withhold recommendation on Item 411(j) pending receipt of additional project information.

The proposed Department of the Youth Authority's minor capital outlay program contains \$900,000. Minor capital outlay consists of projects to provide new or additional facilities which are \$100,000 or less per project.

The department has identified 40 projects to be funded from the re-

requested amount. The basic request appears reasonable, but the individual project information is inadequate for proper evaluation. Additional information is being prepared and until it is available, we withhold our recommendation.

DEPARTMENT OF EDUCATION

Item 412 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 797

Requested 1977-78	\$18,691,000
Recommendation pending	18,691,000

SUMMARY OF RECOMMENDATIONS

*Analysis
page*

1. Schools for the Deaf, Blind and Multihandicapped, Fremont. Recommend project be expedited to allow occupancy by fall 1978. 1124
2. Schools for the Deaf, Blind and Multihandicapped, Fremont. Withhold recommendation pending adequate cost data. 1124

ANALYSIS AND RECOMMENDATIONS

This request would augment prior appropriations by \$18,691,000. Previously approved funds and the requested amount are from the Capital Outlay Fund for Public Higher Education (COFPH). These amounts plus an estimated \$1.3 million future equipment requirement indicates a total estimated project cost of \$43,541,826 to move the schools from Berkeley to Fremont.

Need to Relocate Schools

In 1972 independent surveys by the State Fire Marshal and the Office of the State Architect revealed substantial code deficiencies with regard to fire and life safety and seismic requirements. Because of (1) the estimated cost to correct these deficiencies (approximately \$7.1 million, 1972 costs), (2) the age of the facilities and (3) the fact that a known earthquake fault traverses the existing site, it was determined that new facilities should be provided elsewhere. The Legislature has consistently supported this decision since 1973 when the initial appropriation was made. In the Supplementary Report of the Committee on conference relating to the Budget Act of 1976, Item 395, the Legislature indicated its intent to fund fully the construction of the new schools "... in accordance with the program as revised in May 1976, by the Department of Education, Department of Finance and the Legislative Analyst's Office." The proposal in the Budget Bill reflects that program.

Table 1
DEPARTMENT OF EDUCATION
SCHOOLS FOR THE BLIND, DEAF AND MULTIHANDICAPPED, FREMONT

<i>Facility</i>	<i>Budget Act of 1973 Item 356 and Chapter 1120, Statutes of 1973</i>	<i>Budget Act of 1974 Item 389</i>	<i>Budget Act of 1974, Item 389 Proposed for Reappropriation Under Section 10.50 of the Budget Bill</i>	<i>Budget Bill Proposal, Item</i>	<i>Total</i>
Common-facility:					
Site acquisition	\$3,236,000 "	—	—	—	\$3,236,000
Master planning and fees	372,826 "	\$896,660	—	—	1,269,486
Site development (off- site)	—	1,046,400	—	—	1,046,400
Site development (shared)	—	127,100	—	\$3,573,300	3,700,400
Support services	—	17,600	—	496,100	513,700
Central plants	—	18,100	—	510,000	528,100
Health care units	—	15,650	—	432,550	448,200
					Sub-total \$10,742,286
School for the Blind:					
Administrative serv- ices	—	6,690	\$181,500	—	188,190
Classroom buildings ..	—	117,600	3,185,800	—	3,303,400
Media center	—	15,000	408,100	—	423,100
Auditorium	—	13,200	358,350	—	371,550
Food services	—	27,500	746,800	—	774,300
Physical education and recreation cen- ter	—	44,800	1,215,200	—	1,260,000
Residential buildings..	—	2,467,850	—	—	2,467,850
Site development	—	2,126,750	—	—	2,126,750
					Sub-total \$10,915,140

School for the Deaf:

Administrative/evaluation unit	—	32,700	—	947,400	980,100	
Educational unit	—	37,900	—	1,064,900	1,102,800	
Elementary department	—	53,100	—	1,493,100	1,546,200	
Junior high	—	28,700	—	805,800	834,500	
Senior high	—	56,700	—	1,594,400	1,651,100	
Vocational department	—	68,700	—	1,930,600	1,999,300	
Multihandicapped department	—	29,500	—	830,000	859,500	
Student development center	—	37,800	—	1,063,700	1,101,500	
Gymnasium	—	55,200	—	1,550,100	1,605,300	
Little theater	—	33,000	—	927,900	960,900	
Food services	—	52,350	—	1,471,150	1,523,500	
Residences	—	6,419,700	—	—	6,419,700	
						Sub-total
TOTAL	\$3,608,826	\$13,846,250	\$6,095,750	\$18,691,000	\$42,241,826	\$20,584,400
Future equipment requirements	—	—	—	—	—	1,300,000
TOTAL	—	—	—	—	—	\$43,541,826

^a Includes \$523,100 (total) augmentation by State Public Works Board action, December 20, 1974.

Expedite Project

We recommend the Office of the State Architect and the Department of Education expedite the relocation of the School for the Deaf, Blind and Multihandicapped in order to allow occupancy of both schools by fall 1978.

Although this project was initially approved by the Legislature in 1973, as of the date of this writing construction has not begun. This delay has been caused partially by the (1) controversy associated with relocating and obtaining a new site and (2) inadequate planning for the new schools. In January 1975 a site was purchased but an architectural program for the two schools was not completed until September 1975. Because these programs reflected excessive facilities and costs, they were not approved until May 1976. In addition, the physical master plans and partial schematic plans, specifications and cost estimates were not developed until November 1976. The most recent planning/construction schedule indicates completion of the project in June 1979. We believe the length of time required to date has been unreasonably long and the planning/construction schedule does not reflect diligence in moving the project. For example, preliminary plans for the School for the Blind Residence and Classrooms are scheduled to be completed in April 1977, while construction is not projected to start until January 1978. Such a schedule is unreasonable and the Office of the State Architect and the Department of Education should revise it and instruct the design architects to expedite design in order to allow occupancy of the schools by fall 1978.

The Budget Bill provides \$18,691,000 of new funds and reappropriates \$6,095,750 (Item 389, Budget Act of 1974) under Control Section 10.50. In addition, the Budget Bill identifies the cost associated with individual elements of the total project. Prior to this year, planning had not proceeded to the point where cost for individual elements could be identified, resulting in "lump sum" appropriations only. The current estimated project cost of the individual elements (based on partial schematic plans and specifications) and the proposed allocation of the various appropriations is reflected in Table 1.

Under the Governor's proposal, the \$13,846,250 to be allocated from Item 389, Budget Act of 1974, must be encumbered before June 30, 1977. If not encumbered, the funds will automatically revert. The 1974 funds, reappropriated under Section Control 10.50, plus the Budget Bill amount will be available for allocation until June 30, 1979. This is an attempt to expedite construction of the project and we are in agreement with this effort.

Inadequate Budget Data

We withhold recommendation of the requested \$18,691,000 until adequate cost data is available.

Because the project is only in the preliminary schematic planning phase the cost estimates are inadequate and we cannot recommend the adequacy of the requested amounts. As previously indicated, the scope of the project reflects the program as approved in May 1976. However, adequate

DEPARTMENT OF EDUCATION—Continued

cost data has not been developed in order to substantiate the estimates indicated in Table 1. This information should be available prior to budget hearings.

DEPARTMENT OF EDUCATION-MINOR CAPITAL OUTLAY

Item 413 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 799

Requested 1977-78	\$8,000
Recommended reduction	8,000

SUMMARY OF RECOMMENDATIONSAnalysis
page

1. *Neurologically Handicapped. Reduce by \$8,000. Recom-* 1125
mend funding from General Fund rather than COFPHE.

ANALYSIS AND RECOMMENDATIONS

We recommend that the \$8,000 planning project for the Diagnostic School for the Neurologically Handicapped Children, Southern California, be funded from the General Fund rather than (COFPHE).

This request is for planning for a project to develop additional play area adjacent to the Diagnostic School for Neurologically Handicapped Children, Southern California. The area to be developed was recently obtained through a land transfer with California State University, Los Angeles. The ultimate project cost is estimated to be less than \$100,000. We concur with the need to proceed in this matter. However, we believe it would be inappropriate to fund the project from the Capital Outlay Fund for Public Higher Education. (COFPHE).

DEPARTMENT OF EDUCATION—MINOR CAPITAL OUTLAY

Item 414 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 799

Requested 1977-78	\$100,000
Recommended reduction	100,000

SUMMARY OF RECOMMENDATIONSAnalysis
page

1. *Sacramento Headquarters. Reduce by \$100,000. Recom-* 1126
mend deletion of alterations project.

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of \$100,000 for alterations to Sacramento Headquarters Building.

This request is for a series of alterations to the state building occupied by the Department of Education at 721 Capitol Mall, Sacramento. The Governor's Budget indicates that this is phase IV of the five-year program to remodel the building. This would indicate that this is a major capital outlay project (costing in excess of \$100,000) and should be funded as such. However, we have received inadequate information concerning the scope and estimated costs for this project. Under this circumstance, we have no basis upon which to recommend the project or the requested amount. In any case, it would be inappropriate to fund the proposed project from the Capital Outlay Fund for Public Higher Education. The building is a state office building housing the Department of Education and any alteration should be funded from the General Fund.

UNIVERSITY OF CALIFORNIA

Item 415 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 837

Requested 1977-78	\$12,934,000
Recommended approval	6,393,000
Recommended reduction	465,000
Recommendation pending	6,076,000

SUMMARY OF RECOMMENDATIONS

Analysis
page

1. Construction Funds. Recommend continuation of policy to limit availability of construction funds to one year. 1128
2. Berkeley. Withhold recommendation on Harmon gymnasium (Calif. Administrative Code deficiencies for handicapped) pending additional information. 1129
3. Davis. Withhold recommendation of CAC deficiencies (handicapped), Step 1, pending additional information. 1129
4. Davis. Withhold recommendation of CAC deficiencies (Cal OSHA), Step 1, pending additional information. 1129
5. Irvine. Withhold recommendation on CAC deficiencies (Cal OSHA), Step 1, pending additional information. 1129
6. Riverside. Withhold recommendation on CAC deficiencies (Cal OSHA), pending additional information. 1129
7. San Diego. Withhold recommendation on CAC deficiencies (Cal OSHA), Step 1, pending additional information. 1129
8. Santa Cruz. Withhold recommendation on CAC deficiencies (Cal OSHA), pending additional information. 1129
9. Davis. Withhold recommendation on Energy Conservation Project, Step 2, pending additional information. 1131

UNIVERSITY OF CALIFORNIA—Continued

10. *Los Angeles. Reduce by \$289,000.* Recommend deletion of Knudsen Hall energy conservation, working drawings and construction. 1131
11. *Davis. Reduce by \$176,000.* Recommend deletion of extension of chilled water system, planning. 1133
12. *Santa Barbara.* Withhold recommendation on energy conservation improvements pending additional information. 1133
13. *Davis.* Withhold recommendation on reprographic facility pending additional information. 1133
14. *Irvine.* Withhold recommendation on fine arts (dance) alterations pending additional information. 1133
15. *Riverside.* Withhold recommendation on entomology annex rehabilitation and alterations pending additional information. 1133
16. *Santa Cruz.* Withhold recommendation on Mt. Hamilton utilities and repairs pending additional information. 1133
17. *Davis.* Withhold recommendation on utilities 1977-78 pending additional information. 1133
18. *Davis.* Withhold recommendation on fuel oil storage facilities pending additional information. 1133
19. *San Diego.* Withhold recommendation on fuel oil storage facilities pending additional information. 1133
20. *San Diego.* Recommend that Third College, faculty offices be renamed Third College Academic Unit 2. 1133
21. *San Diego.* Recommend the University expedite development of preliminary plans and cost estimates to enable funding construction of Third College Academic Unit 2 in the Budget Bill. 1136

ANALYSIS AND RECOMMENDATIONS

The University of California, Capital Outlay Program totals \$42,015,000 in three items. Item 415 which is discussed here, contains \$12,934,000 for major capital outlay projects. Item 416 (page 1136) contains \$4.4 million for minor capital outlay projects (\$100,000 and less per project). Both items 415 and 416 are from the Capital Outlay Fund for Public Higher Education (COFPE). Item 446, page 1175, provides \$24,681,000 from the Health Sciences Construction Bond Act Program Fund for health science projects.

Instructional Capacity

For the past several years we have pointed out that enrollments in higher education are projected to grow only slightly during the late 1970's. They should peak in the early 1980's and drop below current levels throughout the 1980's and until mid-1990. This is reinforced by the fact that average daily attendance at the elementary and high school level has declined significantly. Although University enrollments in 1975 were higher than expected, this was a temporary condition. Current year enrollments are approximately one percent below 1975-76 and projected enrollments for 1977-78 remain below the 1975 level.

In our *Analysis of the Budget Bill for 1975-76* we suggested that it would be unwise to fund projects which would provide capacity in excess of 1975-76 enrollment needs. Based on current and projected enrollments, it is apparent that the University is in a no-growth situation and there is no need for major capital expansion. However, there will be a continuing need for the University to evaluate existing space and propose alterations to meet changing instructional program requirements. Unique needs which cannot be met by altering existing facilities can be addressed as they occur.

Seismic Safety Policy

In our 1976-77 Analysis we recommended that the California Seismic Safety Commission undertake a study to determine the need for a statewide seismic safety program. We pointed out that although codes do not require upgrading of existing buildings, modification might be desirable in certain cases.

The Legislature approved our recommendation and included language in the Supplemental Report related to the 1976-77 Budget Bill, requesting the Seismic Safety Commission to undertake the study and report to the Joint Legislative Budget Committee by January 1, 1977. It is our understanding that this report will be completed soon. The results of this study should provide criteria upon which to judge requests to upgrade the seismic safety of existing buildings.

The Regents' budget identified a total of \$63.4 million for projects to correct seismic safety deficiencies. The University did not include these projects in its request for state funding, however, because of the anticipated Seismic Safety Commission report. The need to fund a seismic safety correction program of the magnitude proposed by the University will depend upon the commission's report and implementation of a statewide policy.

Limit Availability of Construction Funds

We recommend continuation of the policy established in the Budget Act of 1976 to limit the availability of construction funds to one year rather than three years.

In the 1976-77 Analysis, we recommended that the availability of construction funds after appropriation be reduced from three years to one year. The intent of that recommendation was to expedite construction projects. We pointed out that the California Community Colleges have nearly all projects committed to construction within one year of receiving funds. This is because the Education Code requires that community colleges award a contract within the fiscal year in which construction funds are appropriated in order to remain eligible for any state funded augmentation of the project. We noted that no such requirement is placed upon other segments of government and the result is a delay in construction projects or premature funding.

The Legislature accepted our recommendation and the Budget Act of 1976 included language which required State Public Works Board approval of construction funds within the fiscal year appropriated. Any funds not approved revert at the end of the fiscal year. This limitation has been

UNIVERSITY OF CALIFORNIA—Continued

effective in expediting projects. For example, it appears that all higher education projects funded in the 1976-77 budget will be under construction by the end of the fiscal year. This is a vast improvement over prior years.

The 1977-78 Budget Bill, does not include language limiting the availability of construction funds to one year. In view of the effectiveness of this limitation in expediting projects in the current year, we recommend that it be added to the 1977-78 budget bill.

Proposed 1977-78 General Campus Major Capital Outlay Program

Item 415 contains 27 projects totaling \$12,934,000. We have divided the projects into four categories and in the same priority as the Regents' program, for the purpose of legislative review. A discussion of each category and our recommendations for the individual projects follows.

A. Universitywide Projects

There are two projects in this category which total \$361,000.

We recommend approval of the two projects under this category, Items 415(1) project programing and preliminary plans and Item 415(2) engineering and environmental planning studies.

Budget language under Item 415(1) provides (a) a maximum of \$75,000 for 1978-79 utility and site development projects and programming/cost benefit analysis of projects to be proposed in the 1979-80 budget request, and (b) \$175,000 for preliminary planning for those working drawings or working drawing/construction projects which are in the Governor's 1978-79 Budget. Similar language concerning expenditure of this category of funds has been included in the Budget Act since 1975. Expenditures of funds in this manner provides improved project programing and expedites approved projects.

Item 415(2) provides \$111,000 for engineering and environmental planning studies. Such studies include updating of campus long-range development plans, planning studies related to University/community needs, traffic, transit and parking studies and other studies not related to individual capital projects.

B. Projects to Correct Code Deficiencies

This category contains nine projects for the correction of building code deficiencies concerning (1) California Administrative Code (CAC), (2) Cal-OSHA and (3) access for the handicapped. A list of the projects and our recommendation for each are contained in Table 1.

Recommendations Withheld

We withhold recommendation on Items 415(4) through 415(6) and 415(8) through 415(11) pending additional information.

The work proposed under these items includes improving electrical and ventilating systems, rectifying various mechanical and electrical deficiencies, correcting ingress/egress deficiencies and providing access for the physically handicapped. We have reviewed the projects and concur with

Table 1
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>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
415(3)	Wheeler Hall—CAC ^c deficiencies	w	Berkeley	\$40,000	\$40,000	\$755,000
415(4)	Harmon Gymnasium—CAC (handicapped)	wc	Berkeley	194,000	<i>Pending</i>	0
415(5)	CAC deficiencies (handicapped), Step 1	wc	Davis	885,000	<i>Pending</i>	0
415(6)	CAC deficiencies (Cal OSHA), Step 1	wc	Davis	636,000	<i>Pending</i>	0
415(7)	CAC deficiencies (handicapped)	w	Irvine	30,000	30,000	535,000
415(8)	CAC deficiencies (Cal OSHA), Step 1	wc	Irvine	284,000	<i>Pending</i>	0
415(9)	CAC deficiencies (Cal OSHA)	wc	Riverside	120,000	<i>Pending</i>	0
415(10)	CAC deficiencies (Cal OSHA), Step 1	wc	San Diego	667,000	<i>Pending</i>	0
415(11)	CAC deficiencies (Cal OSHA)	wc	Santa Cruz	125,000	<i>Pending</i>	0
Total				<u>\$2,981,000</u>	<u>\$70,000</u>	<u>\$1,290,000</u>

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

^b University estimate

^c California Administrative Code

UNIVERSITY OF CALIFORNIA—Continued

the need for each. However, under language contained in the Budget Act of 1976, preliminary project planning funds for these projects were not made available to the University until the projects had been approved for inclusion in the Governor's Budget. This funding procedure was established to (1) expedite projects and (2) allow development of preliminary plans and cost estimates for approved projects to enable proper budgeting. This is similar to the procedure used in the Budget Act of 1975 which improved budgeting and expedited approved projects. The University has initiated the planning phase of the projects in Table 1 and the information should be available prior to budget hearings.

C. Projects for Energy Conservation

There are eight "projects for energy conservation" in this category and our recommendation for each is contained in Table 2.

The three central control projects shown in Table 2 were approved, in concept, in the Budget Act of 1976. Each is in the working drawing phase and construction should begin in the budget year. The control systems will provide monitoring and control of building energy systems (i.e., lighting, heating/cooling, ventilation) from a central point. This will enable the campus to shut down all or portions of building energy systems when not needed.

Davis

We withhold recommendation on Item 415(15), energy conservation project, step 2, pending additional information.

This proposal contains three components: (1) a system to recover energy from the air emitted by the health sciences complex and the chemistry addition, (2) a solar water heater for the campus swimming pool and (3) installation of meters to determine the energy consumption at individual major buildings. We concur with the proposal. However, until the University completes preliminary plans and cost estimates, we cannot verify the budgeted amount. This information should be available prior to budget hearings.

Los Angeles

We recommend deletion of Item 415(17) Knudsen Hall energy conservation, a reduction of \$289,000.

This request is for the modification of existing electrical and mechanical building systems in an attempt to reduce energy consumption and campus utility costs. We have consistently encouraged implementation of energy conserving measures. However, such measures should have a reasonable payback period. The energy savings associated with the modifications to Knudsen Hall do not warrant the proposed expenditures. In addition, several of the modifications could be undertaken at minimal expense by implementing a campuswide energy conservation program and utilizing existing plant maintenance personnel (i.e., replacement of incandescent fixtures with fluorescent, removal of excess lighting, decrease supply and exhaust fan air handling systems, etc.).

Table 2
Projects for Energy Conservation

<i>Item</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>	<i>Estimated Annual Savings^b</i>
415(12)	Central Control system	c	Berkeley	\$1,400,000	\$1,400,000	0	\$546,600
415(13)	Central Control system	wc	Davis	1,398,000	1,398,000	0	344,000
415(14)	Central Control system	wc	Los Angeles	2,753,000	2,753,000	0	780,300
415(15)	Energy Conservation Project, Step 2	wc	Davis	403,000	<i>Pending</i>	0	122,000
415(16)	Central Plant Improvements	wc	Irvine	307,000	307,000	0	0
415(17)	Knudsen Hall Energy Conservation	wc	Los Angeles	289,000	0	0	25,300
415(18)	Extension of Chilled Water System	p	Davis	176,000	0	\$6,426,000	800,000
415(19)	Energy Conservation Improvements	wc	Santa Barbara	307,000	<i>Pending</i>	0	95,300
Total				\$7,033,000	\$5,858,000	\$6,426,000	\$2,713,500

^a Phase symbol indicates: p—preliminary plans; c—construction; wc—working drawings

^b University estimate based on 1974-75 utility costs.

UNIVERSITY OF CALIFORNIA—Continued**Davis**

We recommend deletion of Item 415(18), extension of chilled water system, a reduction of \$176,000.

This request is for funds to develop preliminary plans for a project that would ultimately cost approximately \$6.4 million. The project consists of extending chilled water from the campus central heating/cooling plant to 31 major buildings throughout the campus. The completed project would (1) replace existing individual building air conditioning systems and (2) add 4,000 tons of air conditioning capacity to the current campus central plant capacity of 5,500 tons.

Documentation does not substantiate the University's estimates that the project will save \$800,000 per year. In addition, we question the desirability, from an energy viewpoint, of increasing the capacity for air conditioning. Based on these factors we cannot recommend approval of the request. We suggest that the University utilize a portion of the planning funds provided under Item 415(1) to develop additional cost information and to investigate other methods of conserving energy at the Davis campus.

Santa Barbara

We withhold recommendation of Item 415(19), energy conservation project, pending additional information.

This project will modify mechanical systems in the biological sciences building, physics building and psychology building, and provide solar heating for the campus swimming pool. The University is compiling additional information regarding portions of the mechanical system modifications and developing preliminary plans and cost estimates. This information should be available prior to budget hearings.

D. Projects for Alterations, Utilities and New Facilities

There are eight projects in this category and our recommendation for each is contained in Table 3.

Recommendations Withheld

We withhold recommendation on Items 415(21) through 415(27) pending additional information as shown in Table 3.

We have reviewed the projects included in this category and concur with the need for each. However, we have withheld our recommendation of the amounts requested for seven of the eight projects because the University has not completed preliminary plans and cost estimates. This information should be available prior to budget hearings.

San Diego

We recommend that Item 415(20), Third College, faculty offices, be renamed Third College, Academic Unit 2.

This project provides 29,395 assignable square feet (asf) consisting of 23,945 asf departmental instruction and research space and 5,450 asf instructional service and college provost space. A large portion of the facilities requested is for faculty offices, but laboratories, study areas and a mini

Table 3
Projects for Alterations Equipment, Utilities and New Facilities

<i>Item</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
415 (20)	Third College, faculty offices	w	San Diego	\$104,000	\$104,000	\$4,140,000
415 (27)	Reprographic facility	wc	Davis	475,000	Pending	0
415 (21)	Fine arts (dance) alterations	wc	Irvine	174,000	Pending	0
415 (22)	Entomology annex rehabilitation and alterations	wc	Riverside	170,000	Pending	0
415 (23)	Mt. Hamilton—utilities and repairs	wc	Santa Cruz	808,000	Pending	0
415 (24)	Utilities 1977-78	wc	Davis	369,000	Pending	0
415 (25)	Fuel oil storage facility	wc	Davis	315,000	Pending	0
415 (26)	Fuel oil storage facility	wc	San Diego	144,000	Pending	0
Total				\$2,559,000	\$104,000	\$4,140,000

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

^b University estimate

UNIVERSITY OF CALIFORNIA—Continued

computer area are also included. The title of this project as originally requested by the University was "Third College Academic Unit 2". This title clearly reflects the proposed project. The identification in the budget bill is a misnomer and should be changed.

Instructional Capacity Space.

For the past several years, we have indicated that the University system has adequate instructional and research space for projected enrollment needs. Because of this fact, we did not recommend approval of Third College, Academic Unit 1 in our Analysis of the 1973-74 Budget Bill. However, this unit was approved by the Legislature and has subsequently been constructed and occupied. Thus, Third College is currently housed in facilities that are physically separated.

The University of California, San Diego campus was developed on the small college cluster concept. Early academic plans envisioned the San Diego campus with three clusters, each having four colleges enrolling from 2,300 to 2,800 students. Because of the decline in enrollments, the long-range plan for the campus has been substantially reduced to include only one cluster of four colleges with a total enrollment of 10,000 students (8,000 undergraduates and 2,000 graduates).

According to the University's academic plan each of the existing four colleges has a distinctive general education program and overall style. Revelle College has a carefully structured program offering a balanced general education while emphasizing science. Muir College emphasizes arts and humanities and includes possibilities for independent study. Third College "seeks to deepen students' understanding of economic and social issues and of contemporary developments in communications, science and technology, urban and rural studies and nonwestern cultures". Fourth College emphasizes preprofessional education. Table 4 summarizes historical and projected undergraduate enrollments per college.

Table 4
Undergraduate Enrollments (FTE)/College
University of California, San Diego

	1970	1971	1972	1973	1974	1975	1976	<i>Projected Steady State</i>
Revelle	2,239	2,253	2,400	2,661	2,524	2,472	2,333	2,000
Muir	1,887	2,297	2,392	2,955	3,130	3,030	2,939	2,200
Third	169	340	556	574	825	1,219	1,457	2,000
Fourth	—	—	—	—	453	872	1,336	1,800
Total	4,295	4,890	5,348	6,190	6,932	7,596	8,065	8,000

Justification for Third College, Academic 2 cannot be based on the need for space. The University's proposal is essentially to round out the college cluster concept. The Legislature has supported both the college cluster concept and the initial Third College facilities. In view of these circumstances we believe it would be appropriate to approve Third College, Academic Unit 2.

Expedite Project

We recommend that the University expedite development of preliminary plans and cost estimates in order to fund construction of Third College, Academic Unit 2 in the Budget bill.

The project time schedule for Third College, Academic Unit 2, as prepared by the University, indicates that construction of the facilities could begin in fiscal year 1977-78 if preliminary plans are completed prior to the end of the current year. The University has \$101,000 of previously allocated preliminary planning funds. These funds should be released to the campus and development of planning documents expedited. This would provide adequate review and budget information in order to include construction funds in the 1977-78 budget bill.

Fourth College

The San Diego campus master plan includes housing Fourth College in the area known as "Matthews campus". These facilities are currently occupied by Third and Fourth College, and have historically been used as "staging areas" for developing colleges. Upon completion of Third College, Academic Unit 2, the entire "Matthews campus" will be assigned to Fourth College. When this occurs each college will be housed in accordance with the original cluster concept. The University has assured us that it is "committed to housing all of Fourth College permanently within existing space on the Matthews campus". There is no plan to build any new space for Fourth College but over the long term, major rehabilitation or replacement of existing facilities may be necessary. Under this commitment it is clear that the San Diego campus will be "rounded out" in physical facilities and that the "Matthews campus" will no longer be available as a "staging area".

UNIVERSITY OF CALIFORNIA

Item 416 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 837

Requested 1977-78	\$4,400,000
Recommended approval	4,400,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

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

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

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

HASTINGS COLLEGE OF LAW

Item 417 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 855

Requested 1977-78	\$2,294,000
Recommended reduction	2,294,000

SUMMARY OF RECOMMENDATIONS

Analysis/
page

1. *New Academic Facilities. Reduce by \$2,294,000. Recommend deletion of site acquisition and planning/working drawing funds.* 1137

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of Item 417, site acquisition and planning/working drawings for an academic facilities building, a reduction of \$2,294,000.

The proposal for Hastings College of Law consists of site acquisition (\$1,639,000) of approximately 21,800 square feet of property on McAllister Avenue, San Francisco, plus planning/working drawings (\$655,000) for a 103,954 assignable square foot (asf) academic facilities building. Future state costs are estimated to be \$8.8 million to complete the new facilities plus \$1.1 million to alter existing facilities. Thus, the total estimated cost of the proposal is approximately \$12.2 million. This facility would be part of a proposed "Hastings Law Center." The remaining portion of the center would be financed from nonstate funds.

Additional Academic Facilities Not Required

The existing Hastings academic facilities are adequate for the current enrollment of 1,500 students. Alterations to existing facilities may be necessary to increase efficiency but the basic amount of space is ample. For example, the library facilities provide space for approximately 130,000 volumes and study space for 43 percent of the entire enrollment. This study space is nearly double that provided on general campuses of the University of California. In addition, classrooms are only utilized from 8:30 a.m. to 5:30 p.m. five days per week. Classrooms in other areas of higher education have been scheduled on an 8:00 a.m. to 10:00 p.m. basis for many years. Increasing the schedule period in existing classrooms would either eliminate the need for additional classrooms or allow conversion of a portion of this space for other purposes (i.e., services/support).

The proposed academic facilities building would include the following categories of space:

UNIVERSITY OF CALIFORNIA—Continued

<i>Space</i>	<i>Assignable Square Footage</i>
Instruction	11,438
Clinical instruction	1,085
Trial and appellate	2,005
Library	70,201
Student and support services	19,225
Total	103,954

As indicated above, nearly 70 percent of the requested building would provide library facilities. Instructional related space and support/services space represent 14 percent and 18 percent respectively. In view of the existing space and current scheduling practices the requested project appears excessive. We would suggest that the college reevaluate existing facilities and propose alterations, if required, to accommodate the 1,500 students on an 8:00 a.m. to 10:00 p.m. scheduling period.

Proposed Hastings Law Center

The proposal under this item represents approximately 40 percent of a total project characterized as the "Hastings Law Center". The element not included in the state request would be funded from nonstate sources. The nonstate element is identified as a legal affairs facility. This facility would provide rental space which Hastings has indicated would potentially be limited to tenants relevant to the educational aspects of the legal profession. Potential tenants include the Hastings student research program, San Francisco Bar Association, San Francisco Consortium, continuing education of the bar, and the California Employees' Credit Union. The facility would include a center for state/court performance review, law offices, city administrative offices directly related to Hastings educational program, courtrooms, a bookstore, small auditorium, faculty lounge and club for visiting faculty, and retail stores. The plan for a "Hastings Law Center" is an ambitious undertaking which, if developed, might enhance the Hastings College of Law instructional program. However, the desirability of this plan is not contingent upon, nor does it generate a need for, additional academic facilities for the Hastings College of Law.

HASTINGS COLLEGE OF LAW

Item 418 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 855

Requested 1977-78	\$52,300
Recommended approval	52,300

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item provides a lump sum appropriation for three minor capital projects (\$100,000 or less per project). The projects provide (1) emer-

gency lighting (\$21,800), (2) modification of four elevators to meet fire code (\$18,400) and (3) connection of a fire alarm system for the City of San Francisco Fire Department (\$12,100).

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 419 from the Capital Out-
lay Fund for Public Higher
Education

CSUC 17.9 million total
What is amended
total?

Budget p. 877

Requested 1977-78	\$9,890,000
Recommended approval	6,520,000
Recommended reduction	508,000
Recommendation pending	2,862,000
Recommended augmentation	2,638,000
Net recommended approval	\$9,158,000

SUMMARY OF RECOMMENDATIONS

Analysis
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1. Redirection Study. Recommend Chancellor's office submit a report to the Joint Legislative Budget Committee which complies with Legislative intent on redirection as expressed in the 1976-77 Supplementary Report of the Committee on Conference. 1142
2. Master Plan Boundaries. Recommend Trustees revise the campus master plan at Chico, Humbolt, and San Diego by deleting property not owned by the state. 1142
3. Limit Availability of Construction Funds. Recommend continuation of the policy established in the Budget Act of 1976 to limit the availability of construction funds to one year. 1143
4. Dominguez Hills. Withhold recommendation on utilities 1977 pending additional information. 1143
5. Statewide. Recommend modification of the Budget Bill language to limit availability of preliminary planning money for utility and site development projects to a maximum of \$30,000. 1144
6. San Jose. Withhold recommendation on working drawings for new library pending additional information. 1144
7. Bakersfield. Withhold recommendation on utilities 1977 pending additional information. 1146
8. Fresno. Withhold recommendation on utilities 1977 pending additional information. 1146
9. Stanislaus. Withhold recommendation on utilities to physical education facility pending additional information. 1146
10. Long Beach. Withhold recommendation on equipment for science building addition, pending additional information. 1148

11. *San Francisco. Reduce by \$92,000.* Recommend deletion of equipment for administration building. 1148
12. *Fresno. Reduce by \$215,000.* Recommend deletion of Convert Science Building, working drawings and construction. 1148
13. Fullerton. Withhold recommendation of science basement conversion, pending additional information. 1148
14. *Sonoma. Augment by \$2,638,000.* Recommend addition of construction funds for theater arts building. 1150
15. San Jose. Withhold recommendation on corporation yard, pending additional information. 1152
16. *San Bernardino. Reduce by \$156,000.* Recommend deletion of utilities 1977, working drawings and construction. 1154
17. *Humboldt. Reduce by \$16,000.* Recommend deletion of utilities 1978, planning and working drawings. 1154
18. *Northridge. Reduce by \$29,000.* Recommend deletion of site development 1978, planning and working drawings. 1154

ANALYSIS AND RECOMMENDATIONS

The California State University and Colleges (CSUC) capital outlay program totals \$17,877,000 under four items funded from the Capital Outlay Fund for Public Higher Education (COFPHE). Item 419 discussed here, contains \$9,890,000 for 28 major capital outlay proposals. Items 421 (page 1156) and 422 (page 1157) contain one major proposal each for \$3,017,000 and \$570,000 respectively. Item 420 (page 1154) contains \$4,400,000 for minor (\$100,000 or less) capital outlay projects.

Instruction Capacity

We have noted during the past several years that higher education enrollments are projected to increase only slightly during the late 1970's, peak in the early 1980's and drop below current levels throughout the 1980's and the mid-1990's. The CSUC system is expected to experience this trend. CSUC enrollments were higher than expected in 1975. However, this was apparently an aberration because 1976 enrollments are 1.3 percent below the 1975 level and 2.2 percent below the level estimated for 1976. Current projections for 1981-82 indicate enrollments of 231,110 FTE (full-time equivalent) students. This is only 3,560 FTE or 1.5 percent above 1976 enrollments.

In our *Analysis of the Budget Bill for 1975-76*, we suggested that in view of enrollment projections it would be unnecessary to fund projects in excess of 1975-76 enrollment needs. We believe this policy is still appropriate. Certain campuses may be overcrowded somewhat during the latter part of this decade. However, this situation will not last and the existing campus space should be adequate into the 1990's. There will be a continuing need for the CSUC to evaluate existing space and propose alterations to meet changing instructional program requirements. Unique needs which cannot be met by altering existing space can be addressed on an individual basis as they occur.

Table 1 compares instructional capacity space with needs. Space needs are based on the Trustees' revised enrollment allocations dated November

Table 1
California State University and College Full-Time
Equivalent (FTE) Capacity Needs^a Compared to Existing^b

<i>Campus</i>	<i>Classroom (FTE)</i>			<i>Class Laboratories (FTE)</i>		
	<i>Existing</i>	<i>Need</i>	<i>Deficit (-) Excess (+)</i>	<i>Existing</i>	<i>Need</i>	<i>Deficit (-) Excess (+)</i>
Bakersfield.....	3,197	1,859	+1,338	456	246	+210
Chico.....	11,093	9,536	+1,557	1,207	1,271	-64
Dominguez Hills	6,560	4,431	+2,129	564	136	+428
Fresno.....	12,796	10,213	+2,583	1,442	1,371	+71
Fullerton	14,238	12,646	+1,592	1,288	1,146	+142
Hayward	12,414	7,004	+5,410	607	561	+46
Humboldt	6,140	5,008	+1,132	809	1,041	-232
Long Beach.....	19,171	18,013	+1,158	1,925	2,173	-248
Los Angeles.....	18,514	13,406	+5,108	1,591	1,016	+575
Northridge.....	16,107	16,241	-134	1,113	1,254	-141
Pomona	11,072	8,131	+2,941	1,298	1,176	+122
Sacramento	14,934	13,439	+1,495	1,014	872	+142
San Bernardino	3,355	2,666	+689	289	101	+188
San Diego	20,761	19,573	+1,188	2,090	2,402	-135
San Francisco	14,465	14,239	+226	1,537	1,578	-41
San Jose	20,187	15,746	+4,441	2,203	2,244	-41
San Luis Obispo.....	10,349	11,085	-736	1,912	2,263	-351
Sonoma.....	5,030	4,019	+1,011	536	349	+187
Stanislaus	3,518	2,136	+1,382	264	100	+164
Total	223,901	189,391	+34,510	22,145	21,300	+845

^a Based on 1975-76 enrollments.

^b Includes space funded for construction prior to 1977-78.

11, 1976. It should be noted that the Postsecondary Education Commission is in the process of establishing class-laboratory utilization rates (as requested by the Legislature) for an 8:00 am to 10:00 pm scheduling period. Because this utilization schedule is longer than that currently used, the class-laboratory capacities in Table 1 should increase.

Table 1 reveals that systemwide, there is more than adequate instructional space. Only two campuses (Northridge and San Luis Obispo) have a shortage in both classroom and class laboratory space. Most of the other campuses should be able to adjust any apparent deficiencies through appropriate alterations.

Redirection Study

We recommend that the Chancellor's office submit a report to the Joint Legislative Budget Committee by March 15, 1977, which complies with legislative intent on redirection as expressed in the 1976-77 Supplementary Report of the Committee on Conference.

In our 1976-77 Analysis (page 1002), we indicated that because of excess instructional space systemwide any potential campus overcrowding during peak enrollments could be averted if the Chancellor's Office were to implement a limited redirection policy. We did not suggest an arbitrary reduction in any campus' enrollment. Rather, we pointed out that in many instances a downward revision would improve utilization of the CSUC system and negate the need for capital outlay expenditures for new space, without impairing academic quality or creating hardships for students.

In response to our recommendation, the Legislature included in the Supplementary Report of the Committee on Conference related to the 1976-77 Budget Bill a request that the Chancellor's office "determine procedures to facilitate better utilization of existing CSUC physical facilities while continuing to meet the programmatic and geographic needs of the students and report to the Joint Legislative Budget Committee by November 15, 1976. We received an "advance copy" of the report on January 15, 1977. Our preliminary review indicates that it provides no alternatives to existing policy as requested by the Legislature. Consequently, we recommend the Chancellor's office submit to the Joint Legislative Budget Committee by March 15, 1977 a report which is responsive to the legislative request.

Change Master Plan Boundaries at Three Campuses.

We recommend that the Trustees revise the campus master plan at Chico, Humboldt and San Diego by deleting property not owned by the state.

For the past several years, the Trustees have requested funds to purchase property within the current campus master plan at Chico, Humboldt and San Diego. Based on current information, the need for this property is marginal. In addition, the Legislature has consistently opposed its purchase. Much of the property consists of privately owned residential units. The potential but improbable purchase of this property by the state puts the owners in an unjustifiably uncertain position. Unless the Trustees can provide adequate justification to purchase the subject property we believe it should be removed from the campus master plans.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued**Limit Availability of Construction Funds**

We recommend continuation of the policy, established in the Budget Act of 1976, to limit the availability of construction funds to one year rather than three years.

In our 1976-77 Analysis we recommended the availability of construction funds after appropriation be reduced from three years to one year. The intent of that recommendation was to expedite construction projects. We pointed out that the California Community Colleges have nearly all projects committed to construction within one year of receiving funds. This is because the Education Code requires that community colleges award a contract within the fiscal year that construction funds are appropriated in order to remain eligible for any state funded augmentation of the project. We noted that no such requirement is placed upon other segments of government and the result is either a delay in construction projects or premature funding.

The Legislature accepted our recommendation and the Budget Act of 1976 included language which required State Public Works Board approval of construction funds within the fiscal year appropriated. Any funds not approved revert at the end of the fiscal year. This language has been effective in expediting projects. For example, it appears that all higher education projects funded in the 1976-77 budget will be under construction by the end of the fiscal year. This is a vast improvement over prior years.

The 1977-78 Budget Bill does not include language limiting the availability of construction funds to one year. In view of the effectiveness of this limitation in expediting projects in the current year, we recommend that it be added to the 1977-78 Budget Bill.

Proposed 1977-78 Capital Outlay Program

The Trustees' request for 1977-78 included 64 major capital outlay projects totaling \$37,470,000. The Governor's Budget proposes \$13,477,000 for 31 projects. For legislative review purposes, we have separated the projects into eight descriptive categories in priority order as reflected in the Trustees program.

A. Projects to Correct Structural, Health, Safety and Code Deficiencies

We withhold recommendation of Item 419(4), utilities 1977, Dominguez Hills, pending additional information.

The one project included in this category would move electrical equipment from three underground vaults to sheltered surface locations in order to comply with industrial safety requirements. The need for this project is justified. However, we have received no information which adequately substantiates the requested amount. We are particularly concerned that this information is not available because the Budget Act of 1976 specifically appropriated \$75,000 for the planning of utility and site development, major capital outlay projects. This method of funding was initiated to (1) expedite projects and (2) assure adequate budget information. The Chancellor's Office should implement procedures to insure the desired results.

Seismic Rehabilitation. Four projects the Trustees requested related to improvement of seismic resistivity were not included in the Governor's Budget. In our 1976-77 Analysis we recommended that the California Seismic Safety Commission undertake a study to determine the need for a statewide seismic safety program. We pointed out that although existing codes do not require upgrading of existing buildings, modification might be desirable in certain cases. A major problem, however, was the lack of criteria for evaluating proposals for seismic safety improvement.

The Legislature approved our recommendation and included language, in the Supplemental Report of the Committee on Conference related to the 1976-77 Budget Bill, requesting the Seismic Safety Commission to undertake the study and report to the Joint Legislative Budget Committee by January 1, 1977. It is our understanding that this report will be completed soon. The results of this study should provide criteria upon which to judge the unfunded seismic rehabilitation projects requested by the Trustees.

B. Statewide and Campus Planning

This statewide planning category includes four projects. A summary of these projects and our recommendations for each is shown in Table 2.

The \$190,000 request for statewide master planning provides an average of \$10,000 for each operating campus. The amount actually distributed to each campus will vary, however, depending upon individual campus planning needs. The funds will be used for landscape architecture and engineering master planning and consulting services.

The \$50,000 requested for statewide general studies will fund topographic surveys, and miscellaneous studies necessary for physical planning of individual campus needs. These funds will be distributed on a "as needed" basis.

Preliminary Planning

We recommend Budget Bill language regarding Item 419(3) preliminary planning, be revised to reduce from \$75,000 to \$30,000 the maximum amount of funds available for utility and site development projects.

Item 419(3) provides preliminary planning funds of \$100,000 for working drawings and/or working drawings/construction for projects which are to be included in the 1978-79 Governor's Budget. Of this amount, a maximum of \$75,000 would be available July 1, 1977 for utility and site development projects. However, based on the Trustees' three-year program and probable systemwide needs for utility and site development projects, \$30,000 should be adequate for 1978-79. The remaining \$70,000 would be available for other projects to be included in the 1978-79 Governor's Budget.

We withhold recommendation of Item 419(5), for library working drawings.

Item 419(5) proposes working drawings for a 125,265 assignable square foot (asf) library at San Jose State University. Existing library space at this campus totals 130,655 asf. Thus, the total space available after construction would be 255,920. However, the campus plans to alter 27,810 asf of existing library space for campus administration leaving a net 228,110 asf. Based on

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 2
CSUC STATEWIDE AND CAMPUS
Planning Projects

<i>Item</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
419(1)	Master planning	p	Statewide	\$190,000	\$190,000	—
419(2)	General studies	p	Statewide	50,000	50,000	—
419(3)	Preliminary planning	p \	Statewide	100,000	100,000	—
419(5)	Library	w	San Jose	376,000	<u>Pending</u>	\$11,870,000
	Total			\$716,000	\$340,000	\$11,870,000

^a Phase symbol indicates: p-planning; w-working drawings

^b Trustees five-year Capital Improvement Program (1977/78 through 1981/82)

current state guidelines for library facilities, the San Jose campus could justify 229,509 asf. Thus, the project as proposed, including future alterations, provides an appropriate amount of library space.

Separate Libraries. A major concern regarding the San Jose proposal is that upon completion, the campus would have two physically separated libraries. Such separation creates inefficiency in the library system and would result in an increase in annual support and operating cost. At our request, the Chancellor's office is preparing an analysis of the staffing and operating costs that would be associated with the two separate library facilities.

The San Jose campus has evaluated five alternatives for providing additional library space. One alternative is to demolish a portion of the existing library and construct in its place a six-story library structure. The advantages of this plan is that the new space would be physically tied to the existing library, thereby eliminating the need for duplicate equipment and personnel. The initial cost for this project is only slightly greater than the proposal requested by the Chancellor's office. In our opinion, this is a viable alternative which should not be discarded.

Under the circumstances, we cannot recommend approval of the proposal until information concerning staffing and operating costs of two separate libraries is available.

Energy System. The San Jose Library proposal includes an "energy conservation heating and cooling system". This system would be "backed-up" by a conventional system with a capacity to provide 100 percent of the heating and cooling demand. The cost of the "energy conservation system" is approximately \$660,000. Current estimates reflect a pay-back period for the system of nearly 16 years. Although we encourage the implementation of energy conservation systems, they should reflect reasonable pay-back periods. In our opinion the proposed system is uneconomical and should not be implemented. We would encourage the Chancellor's office to incorporate other means of energy conservation within this project.

C. Projects to Make Existing and Funded Buildings Operable

A summary of the 14 projects in this category and our recommendations for each are provided in Table 3.

Utility Projects

We withhold recommendation on Items 419(6), through 419(8), the utility projects at Bakersfield, Fresno and Stanislaus, pending additional information.

These items contain funds for utility projects in buildings currently under construction. The projects, are required in whole or part but adequate preliminary plans and cost estimates have not been developed. Therefore, we cannot evaluate the adequacy of the requests.

It is unclear why the necessary information is not available. The Budget Act of 1976 provided \$75,000 under Item 399(3) for the development of preliminary plans and cost estimates for utility and site development projects. These funds were included by the Legislature in an effort to expedite projects. We are concerned that these projects have been

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 3
Projects to Make Existing and Funded Buildings Operable

<i>Item</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
419(6)	Utilities 1977	wc	Bakersfield	\$178,000	Pending	0
419(7)	Utilities 1977	wc	Fresno	554,000	Pending	0
419(8)	Utilities to P.E. facility	wc	Stanislaus	119,000	Pending	0
419(9)	Marine lab addition	e	Humboldt	143,000	\$143,000	0
419(10)	Science building addition	e	Long Beach	600,000	Pending	\$600,000
419(11)	Art classroom building	e	San Diego	510,000	510,000	0
419(12)	Art building	e	Sonoma	287,000	287,000	0
419(13)	Library addition	e	Humboldt	112,000	112,000	0
419(14)	Industrial technology building	e	Long Beach	500,000	500,000	0
419(15)	Science building	e	Pomona	354,000	354,000	0
419(16)	Administration building addition	e	San Francisco	92,000	0	0
419(17)	Architecture classroom building	e	San Luis Obispo	350,000	350,000	0
419(18)	Convert science building	wc	Fresno	215,000	0	85,000
419(19)	Science basement conversion	wc	Fullerton	392,000	Pending	70,000
Total				\$4,506,000	\$2,256,000	\$755,000

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

^b Trustees five-year Capital Improvement Program (1977–78 through 1981–82).

delayed and believe the Chancellor's office should implement procedures to eliminate such delays in the future.

Long Beach

We withhold recommendation on Item 419(10), equip science building addition, pending additional information.

This proposal is for the initial increment of equipment for the 29,331 asf science building addition on the Long Beach campus.

The Trustees' budget, as originally submitted, included a \$600,000 equipment request and indicated future requirements of \$600,000. The Chancellor's office has subsequently increased its estimated future requirements to nearly \$1.2 million for a total equipment cost of \$1.8 million. However, based on funding recently provided for similar space at the University of California, Los Angeles, the total equipment costs should not exceed \$1.1 million.

Moreover, it is our understanding that the requested \$600,000 initial phase will not equip adequately the science building for undergraduate instruction and that some students may have to defer courses required for graduation. The science addition was constructed in order to eliminate such problems. We have requested additional information to identify the minimum initial equipment (based on a \$1.1 million total) necessary to sustain the undergraduate program. We withhold our recommendation until the information is available.

San Francisco

We recommend deletion of Item 419(16), equip administration building, a reduction of \$92,000.

The Budget Act of 1976 provided \$318,000 to equip the administration building. This amount was \$86,000 less than requested. The reduction deleted equipment for automated (1) shelving, (2) files and (3) typewriters because of inadequate justification. We have received no data which substantiates reinstatement of the deleted equipment and therefore cannot recommend approval of the request.

Fresno

We recommend deletion of Item 419(18), convert science building, a reduction of \$215,000.

This proposal is to convert approximately 8,200 square feet of general class-laboratory space for health science, psychology, criminology, anthropology and nursing. We believe the needs identified in this request could be met in existing laboratories. The campus should reevaluate existing space and identify laboratories that could adequately house the proposed functions without alterations. If necessary, minor alterations could be funded from the minor capital outlay program under Item 420.

Fullerton

We withhold recommendation on Item 419(19), science basement conversion.

This proposal would modify approximately 18,000 asf in the basement of the science building. After completion this space would provide 15,000 asf for administrative offices for student services and financial aid, 2,500

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

asf of rehabilitated food service area, plus a fire corridor and other safety requirements.

The administrative functions to be housed in the basement are to be moved from the existing administration building. This move will provide space to relieve the congested computer center and business services function in the administration building.

The need for this project appears justified. However, additional information is required for the food service portion and preliminary plans and cost estimates must be developed. This information should be available prior to budget hearings.

D. Projects to Correct Existing Building and Campus Deficiencies.

This category contains one \$500,000 project, Item 419(20), for removal of architectural barriers to the handicapped on general campuses. The Trustees have established priorities for the removal of architectural barriers to the handicapped. The priorities, which were developed by the Chancellor's office in consultation with the Statewide Disabled Student Coalition, the Chancellor's Council of Presidents and the Department of Rehabilitation, are as follows:

- I. Access to the Campus as a Whole.
- II. Access to Facilities to Meet the Basic Needs of the Physically Handicapped.
- III. Access to Main Level of Building With High Student Use.
- IV. Access to Floors Above and Below Main Level.
- V. Automatic Doors and Lower Drinking Fountains.
- VI. Other Barrier Projects.

The Chancellor's office advises that all known architectural barriers in categories I through III have been or are in the process of being corrected. The funds provided in the Budget Bill plus a portion of prior appropriations will be used to correct items under category IV.

We recommend approval.

E. Projects to Complete the Balanced Campus Concept.

This category contains one project, Item 419(21), for an outdoor physical education facility at Bakersfield. We recommend the addition of an item to provide construction funds for the theater arts building at Sonoma. A discussion of these projects and our recommendations follows.

Bakersfield

Planning and working drawings funds for the outdoor physical education facilities II were appropriated in the Budget Act of 1974. The working drawings have been completed and the project can be under construction in the budget year. Upon completion, the project will provide (1) a regulation size baseball field, (2) a seven lane running track, (3) field event areas and (4) restroom and equipment storage facilities. The interior area of the track will be used for other field sports such as football and soccer.

Sonoma

We recommend addition of construction funds for the theater arts building, an augmentation of \$2,638,000.

Funds for preliminary plans and working drawing for this project were provided in the Budget Act of 1974. The preliminary plans have been completed and the project is ready to proceed into working drawings. However, the State Public Works Board has not allocated the necessary funds. We believe the project is justified and the Public Works Board should consider allocation of the working drawing funds in order to expedite the project so construction can begin in the budget year.

The project as proposed contains 25,000 gross square feet including a 500 seat assembly area with a stage and auxiliary rooms plus eight faculty offices. Sonoma is the only CSUC campus without a facility of this type. However, the Sonoma campus has an excess of faculty offices and the additional eight offices requested in the project cannot be justified. Our recommendation for construction funds reflects deletion of the faculty office space, a reduction of \$94,000 from the Trustees proposal.

F. Projects to Provide Facilities for Enrollment Needs**San Luis Obispo**

Item 419(22) contains \$2,651,000 for construction of a faculty office building at San Luis Obispo. Funds to complete working drawings for this project were allocated by the Public Works Board in August 1976. It is anticipated that the working drawings will be completed in May 1977 and that the project could be under construction early in the budget year.

The proposed project provides a 37,631 gross square foot building containing 140 faculty offices and related departmental offices. The requested amount is reasonable and we recommend approval.

San Francisco

Item 419(23) contains \$13,000 for preliminary plans and working drawings for an outdoor physical education facility at the San Francisco campus. The project will develop a general purpose turf field area of approximately three acres plus a toilet-storage building and seven open (three wall) handball-racketball courts. We recommend approval.

G. Projects to Eliminate Existing Support Deficiencies

This category contains three projects. A summary and our recommendation for each are provided in Table 4. The site development 1977 project at Los Angeles is funded under Item 421 and is discussed on page 1156 of our Analysis. The Corporation Yard project at San Jose is funded under Item 419(24) and Item 422.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 4
Projects to Eliminate Existing Support Deficiencies

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Requirement^c</i>
421 ^b	Site development 1977.....	c	Los Angeles	\$3,017,000	0	0
419(24)	Corporation yard.....	c	San Jose	500,000	Pending	\$50,000
419(25)	Initial corporation yard	w	Bakersfield	20,000	\$20,000	504,000
Total				\$3,537,000	\$20,000	\$554,000

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

^b Discussed under Item 421, page 1156

^c Trustees' five-year capital outlay program (1977-78 through 1981-82).

San Jose

We withhold recommendation of Item 419(24), corporation yard, pending additional information.

This proposal would relocate the existing corporation yard from near the center of campus to the northeastern edge. The primary need to relocate the existing facility is the construction of the proposed new library (Item 419(5)). As previously noted, we have requested additional information pertaining to the proposed library and alternative sites. This information may indicate the library should be constructed on a site other than the present corporation yard. If such were the case we would recommend deletion of the corporation yard project.

The new corporation yard would contain 24,350 assignable square feet consisting of shops, offices, quick copy/duplicating and storage. Working drawings for this project were made available in the Budget Act of 1976 under Control Section 10.09(v). The current total estimated project cost is \$1,038,000. The Budget Bill contains \$500,000 under Item 419(24) and a maximum of \$570,000 under Item 422 for the project. These amounts, plus \$59,000 reappropriated in the Budget Act of 1976 would provide a total of \$1,129,000 or \$91,000 more than the current estimated total project cost.

Moreover, preliminary plans and cost estimates have not been developed for the project. Based on the Trustees' cost estimate of \$1,038,000, the San Jose corporation yard would cost 12 percent more per square foot than the corporation yard proposed in Bakersfield under Item 419(25). Thus, it would appear that the cost for the San Jose corporation yard should be less than \$1 million. In view of these discrepancies and the potential relocation of the proposed library, we withhold recommendation pending additional information.

It should also be noted that the proposed appropriation of up to \$570,000 under Item 422 is to be repaid with proceeds from the sale of off-campus property owned by San Jose State University. The sale of this property was authorized by Chapter 1391, Statutes of 1976 but has not as yet been accomplished. Thus, the funds necessary under Item 419(24) to fully fund the project cannot be established until sale of the property.

H. Project to Provide a Complete Campus

This category contains three projects. A summary of the projects and our recommendation for each are provided in Table 5.

Table 5
Projects to Provide a Complete Campus

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Requirement^b</i>
419(26)	Utilities 1977	wc	San Bernardino	\$156,000	0	0
419(27)	Utilities 1978	pw	Humboldt	16,000	0	\$240,000
419(28)	Site development 1978	pw	Northridge	27,000	0	195,000
Total				\$201,000	0	\$435,000

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

^b Trustees' five-year capital outlay program (1977-78 through 1981-82).

San Bernardino

We recommend deletion of Item 419(26), utilities 1977, a reduction of \$156,000.

This proposal would improve the campus storm drainage system to accommodate future development. Projected enrollments at this campus do not indicate a need for additional development, and the existing campus storm drainage system is adequate. Consequently, we see no need for the improvement.

Humboldt

We recommend deletion of Item 419(22), utilities 1978, a reduction of \$16,000.

This proposal would expand the existing electrical system and install a new water main. Apparently the proposed changes would accommodate future construction. However, the information we have received is unclear and does not justify the request. The need to improve utility system can be addressed when future construction is proposed.

Northridge

We recommend deletion of Item 419(28), site development 1978, a reduction of \$29,000.

This request would expand the perimeter road system at the Northridge campus. This proposal is based on future campus development needs. There are no traffic studies or other data which substantiate the proposed roadway expansion. If campus development is provided in the future, the effect on the road system can be assessed at that time.

CALIFORNIA STATE UNIVERSITIES AND COLLEGES

Item 420 from the Capital Out-
lay Fund of Public Higher
Education

Budget p. 877

Requested 1977-78	\$4,400,000
Recommended approval	None
Recommended reduction	250,000
Recommendation pending	\$4,150,000

SUMMARY OF RECOMMENDATIONS

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- | | |
|--|------|
| 1. Minor Projects. Withhold recommendation pending receipt of post audit report. | 1155 |
| 2. Minor Projects. Recommend chancellor's office revise minor capital outlay procedures. | 1155 |

CALIFORNIA STATE UNIVERSITIES AND COLLEGES—Continued

nor capital outlay procedures.

3. *Special Repair Projects. Reduce by \$250,000. Recommend 1156 deletion.*

ANALYSIS AND RECOMMENDATIONS**Minor Projects**

We withhold recommendation pending receipt of annual post-audit report.

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

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

Beginning in the Budget Act of 1970, the authority to make final decision with respect to the need for minor capital outlay project requests by individual campuses was delegated to the Chancellor's Office. This approach was to give the Chancellor's Office flexibility to meet the changing needs of the college campuses in a more timely fashion and reduce the administrative efforts required in the Department of Finance. A post-audit report is provided to insure that the funds are administered wisely. Based on the post-audit report for 1975-76 minor capital outlay expenditures it appears that in many cases the funds are not administered wisely. In several cases the campuses are expending minor capital outlay money for (1) non-state-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. Therefore, until we receive the post-audit report, which is generally submitted in February, we withhold recommendation of the CSUC minor capital outlay request.

Administrative Procedures regarding Minor Capital Outlay

We recommend that the Chancellor's Office revise procedures for administering the minor capital outlay program to assure review of campus proposals.

In view of the apparent misuse of the minor capital outlay funding we believe it would be appropriate for the Chancellor's Office to establish improved procedures to assure that the Chancellor's Office reviews campus minor capital outlay proposals. When the authority to administer the minor capital outlay program was delegated, it was not anticipated that there would be no approval at the Chancellor's Office level. However, the current procedure for administering this program is to provide a lump sum allocation to each campus plus an additional allotment based on campus annual FTE students. The Chancellor's Office advises campuses of specific limitations on use of the funds. However, there is no review of

campus proposals and the Chancellor's Office has no information on the proposals until receipt of each campus post-audit report. This is inappropriate and does not result in proper expenditure of the funds. Consequently, we recommend that the Chancellor's Office implement procedures that would assure review of campus minor capital outlay proposals.

Special Repair Projects,

We recommend deletion a reduction of \$250,000.

The Chancellor's Office has submitted no information regarding this proposal. Projects of this nature are generally funded in the support and operations budget in accordance with the State Administrative Manual. We have no basis upon which to recommend the request and therefore recommend deletion.

In addition, it is our understanding that the CSUC system is to receive a minimum of \$5 million from Title II of the Federal Public Works Act. These funds are to be used for the labor portion of capital projects such as special repairs. The material cost for these projects is to be paid from state funds in the CSUC support and operations budget. Thus, nearly \$8 million will be available and there should be no need for an additional \$250,000.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 421 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 877

Requested 1977-78	\$3,017,000
Recommended reduction	3,017,000

SUMMARY OF RECOMMENDATIONS

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1. *Los Angeles. Reduce by \$3,017,000. Recommend deletion of site development.* 1156

ANALYSIS AND RECOMMENDATIONS

Los Angeles—Site Development

We recommend deletion of Item 421, working drawings and construct site development, a reduction of \$3,017,000.

This proposal provides \$3,017,000 for construction of (1) a new entrance and expansion of the perimeter road system, (2) relocation of utilities, and (3) demolition of 12 buildings. The buildings are former single family residences currently housing academic programs plus a child care center and other non-academic activities. The Chancellor's Office has not identified where these activities will be located after the buildings are demolished. The current estimated total project costs is \$4,618,000. Funding for the total project is proposed as follows:

Item 353(z), Budget Act of 1964	\$420,000
Item 352(bb), Budget Act of 1965	576,000

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Item 397 (45), Budget Act of 1974	195,000
State College Dormitory Revenue Fund (parking)	410,000
1977-78 Budget Bill, Item 421	3,017,000
Total	\$4,618,000

The funds appropriated in the Budget Acts of 1964 and 1965 were to provide a portion of the site development related to the perimeter road. The State Public Works Board allocated these funds, for construction, in April 1968. At that time, the Public Works Board was advised that the projects were ready for construction. However, to date, bids for construction have not been solicited. The Chancellor's office should explain in detail the causes for this nine year delay. No matter what the reasons, we do not believe that the 1964 and 1965 funds are available for expenditure. Government Code (Section 14959) specifically requires that any unencumbered funds in the Architectural Revolving Fund shall be withdrawn and credited to the appropriation from which it was transferred within three months after completion of the project or three years from the time such funds are transferred, whichever is earlier. The transfer is not required if the Department of Finance extends the availability. The Department of Finance did not extend the availability but the funds have been retained.

Project Not Justified

The proposal is based on data obtained for a 1971 traffic study. Prior to funding a project of the magnitude proposed, the Chancellor's Office should engage a traffic consultant to reevaluate the campus traffic needs utilizing current traffic information and based on current enrollment projections. The evaluation and report should reflect an attempt to solve identified traffic problems through a modest program minimizing road construction and emphasizing travel by other than the single occupant automobile. Until this is accomplished, we cannot recommend approval.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 422 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 877

Requested 1977-78	\$570,000
Recommendation pending	\$570,000

ANALYSIS AND RECOMMENDATIONS**San Jose Corporation Yard**

We withhold recommendation pending additional information.

This request would augment Item 419 (24) for construction of a corporation yard at the San Jose campus. A description and discussion of this project is provided on page 1152 of our Analysis.

The funds in this item are contingent on the sale of surplus San Jose State University property as authorized by Chapter 1391, Statutes of 1976. This item would appropriate any and all proceeds from the sale. Chapter 1391 provides that the proceeds from the sale shall be paid into the Capital Outlay Fund for Public Higher Education for planning and construction of the corporation yard except that costs or expenses incurred in the sale of the property may be reimbursed from the proceeds. Under the conditions of Item 422, funds from the sale would not be available to reimburse administrative costs.

The property to be sold consists of 6.5 acres including a 120,000 square foot warehouse. The property was authorized for purchase in 1967 to provide an off-campus corporation yard to replace the existing on-campus facility. Because of a reassessment of the costs associated with operating the off-campus corporation yard, the University now proposes construction of a new on-campus corporation yard on the northeast edge of the main campus to replace the existing on-campus facility.

During hearings on the bill (Chapter 1391) the Department of General Services indicated that it had not appraised the property but preliminary estimates indicated a potential value of \$450,000. Administrative costs were estimated at a maximum of \$25,000, leaving a net revenue of \$425,000. There has been no information presented that would indicate an increased value of the property. Therefore the amount appropriated under Item 422 appears to be overstated by \$120,000.

Need for New Corporation Yard

In our analysis of Item 419 (24), we have indicated that the need to relocate the existing corporation yard is based, for the most part, on its displacement because of construction of a new library. We have asked the Chancellor's office to provide additional information on an alternative site for the new library. This information may indicate that the library should be in a location other than the corporation yard site. If this is the case, we would recommend deletion of the corporation yard project. Therefore, until this information is available we withhold recommendation.

CALIFORNIA MARITIME ACADEMY

Item 423 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 898

Requested 1977-78	\$763,150
Recommended approval	494,150
Recommended reduction	41,200
Recommendation pending	227,800
Recommended augmentation	513,000
Net recommended approval	\$1,007,150

SUMMARY OF RECOMMENDATIONS

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1. *Site Development—Augment by \$513,000.* Recommend providing funds for construction. 1160
2. *Welding Laboratory.* Withhold recommendation for working drawings and construction pending additional information. 1160
3. *Addition and Alterations to Kitchen/Dining Facility.* Reduce by \$32,500. Recommend deletion of preliminary plans and working drawings. 1160
4. *Marine Science Laboratory Alterations.* Reduce by \$8,700. Recommend deletion of planning funds. 1161

GENERAL PROGRAM STATEMENT

The California Maritime Academy, established in 1929, is located on 67 acres in Vallejo. The institution is one of six in the United States providing a program for students who seek to become licensed officers in the U.S. Merchant Marines.

In 1974, the Board of Governors of the California Maritime Academy developed academic and facilities master plans for conversion from a three-year to a four-year curriculum. Under these plans, accredited degrees in marine and maritime sciences would be offered and student enrollment would increase from 312 in 1974-75 to a maximum of 468 by 1978-79. Current enrollment is 414. This plan was reviewed and approved by the Legislature and the Governor for initial funding in 1974-75. To provide the additional physical facilities necessary to offer the academic program and house the increased number of students, the Legislature appropriated \$6.2 million in the Budget Act of 1974. It is anticipated that the new facilities will be completed in 1977.

ANALYSIS AND RECOMMENDATIONS

The capital outlay program for the California Maritime Academy totals \$840,550 from the Capital Outlay Fund for Public Higher Education (COFPHE). Under Item 423 there are six proposals for major capital outlay totaling \$763,150. Item 424 provides \$77,400 for two minor capital outlay projects (projects of \$100,000 or less). The major capital outlay proposals and our recommendations follow:

Corporation Yard, Phase II

This \$237,000 proposal, Item 423(1), will provide a 4,600 square foot single story addition to the existing corporation yard building. It will contain shop areas, storage, a supervisor's office, and locker and toilet facilities. The Budget Act of 1976 provided \$15,000 to prepare planning and working drawing documents. The project is currently in the working drawing phase and construction should begin early in the fiscal year. The amount requested is reasonable and we believe the project should proceed.

Site Development

We recommend including construction funds under Item 423(2), site development, roads, walks, area lighting and parking, an augmentation of \$513,000.

This project will provide (1) a perimeter road for vehicular traffic (2) pedestrian walks in critical areas, (3) area and street lighting for night activities, (4) campus security, and (5) additional parking for a maximum of 250 vehicles. Planning funds in the amount of \$7,400 have been previously allocated for this project. The Office of the State Architect (OSA) has developed preliminary plans which reflect site development in excess of the project as proposed in the Governor's Budget. The items the budget specifically deleted from the OSA preliminary plans are the development of the Central Mall area and a pedestrian walkway bordering Morrow Cove. In our opinion, the project in the Governor's Budget is reasonable and should proceed.

The OSA has provided adequate planning documents and cost estimates for the project indicated in the Governor's Budget. The Budget Bill does not include construction funds. However because of the status of this project, construction could begin in 1977-78. Therefore, we recommend an augmentation of \$513,000 to provide construction funds in order to expedite the project.

Welding Laboratory

We withhold recommendation on the \$227,800 request in Item 423(3) for a welding laboratory facility pending additional information.

Planning funds (\$6500) for this project were provided in the Budget Act of 1976. However, the State Public Works Board did not allocate this amount until November 29, 1976.

The project will provide 3,800 assignable square feet to house welding, metal shop, toilet and shower facilities, a tool room and storage areas. Because planning funds were not allocated until late November, adequate information is not available to substantiate the requested amount. This information should be available during budget hearings.

Kitchen/Dining Facility Alterations

We recommend deletion of Item 423(4), alterations to kitchen and dining facility, a reduction of \$32,500.

This proposal would provide planning funds for the modification of the existing storage area and expansion of the refrigeration storage capacity, plus the addition of a central air handling system and new lighting in the

CALIFORNIA MARITIME ACADEMY—Continued

kitchen area.

The Maritime Academy's physical master plan indicates that, except for some kitchen equipment needs and the need for a review of food service equipment, the existing kitchen/dining building is adequate to serve the projected student enrollment of 468. In response to that master plan, the Legislature appropriated \$50,100 (Item 398, Budget Act of 1974) for new kitchen equipment, including refrigerated storage, and modification of the kitchen exhaust hood, as recommended in the master plan. However, the Academy has not had an independent food service consultant review the existing facilities with regard to the food service equipment. The academy has had the office of the State Architect review the facility and prepare schematic plans and outline specifications and a cost estimate for a project to modify the kitchen/dining facilities. This proposal reflects excessive modifications resulting in a project cost of nearly \$1 million. We believe a review of the food service equipment by an independent food service consultant would be both appropriate and in keeping with the academy's master plan recommendations. Such consulting services are generally funded through operating expenses. The academy should prioritize its operating expenses needs and fund this study at the appropriate time. However, until a study is available we do not believe additional funds should be spent for the kitchen/dining facilities.

Wharf/boathouse Improvements

This \$204,150 proposal, Item 423(5), would provide for preservation and repair of pilings, and the supporting structure of the main wharf and boat house plus replanking the west end of the wharf. The need for this work was identified in a May 1976, survey conducted by an independent marine consulting firm. The improvements are necessary and the requested amount is reasonable.

Marine Science Laboratory

We recommend deletion of Item 423(b), marine science laboratory alterations, a reduction of \$8,700.

This proposal would provide planning funds to modify existing space for a radar laboratory facility. The facilities currently under construction were designed to serve the academic program of the academy. The purchase of additional equipment may be necessary. However, the academy should occupy the existing and new facilities for an adequate period of time prior to proposing significant alterations or additions. Until there has been some experience with the new facilities the need for alterations or the proper alterations cannot be determined.

CALIFORNIA MARITIME ACADEMY

Item 424 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 898

Requested 1977-78	\$77,400
Recommendation pending	\$77,400

SUMMARY OF RECOMMENDATIONSAnalysis
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- 1 Minor Capital Outlay. Withhold recommendation pending 1162
additional information.

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We withhold recommendation pending additional information.

This item contains two minor capital (\$100,000 or less) projects. One project (\$75,000) provides for a complete campus fire alarm system to be connected to the City of Vallejo Fire Department. The second project (\$2,400) would completely rewire a portion of the Seamanship Building. The projects are necessary but adequate cost information has not been developed. Therefore, we cannot recommend the specific amounts requested. Additional cost information should be available prior to budget hearings.

CALIFORNIA COMMUNITY COLLEGES

Item 425 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 905

Requested 1977-78	\$27,028,600
Recommended approval	19,561,900
Recommended approval (transfer to new Item 447)	7,466,700

SUMMARY OF RECOMMENDATIONSAnalysis
page

1. Community College Construction Program Bond Acts of 1163
1968 and 1972. Recommend funding \$7,466,700 of
proposed capital outlay from current bond funds.

ANALYSIS AND RECOMMENDATIONS

The 65 projects scheduled under this item represent a total community college capital outlay program of \$51,917,588. The state participation (sharing ratio) in approved community college capital outlay projects is based on the formula established by Chapter 1550, Statutes of 1967, which takes into account the ratio of weekly student contact hours and assessed valuation districtwide and statewide. Based on this formula the state's

CALIFORNIA COMMUNITY COLLEGES—Continued

share of the total program is \$27,028,600 (52 percent) with the remaining \$24,888,988 (48 percent) required to be funded by the individual districts.

The state funding for this program is proposed from the Capital Outlay Fund for Public Higher Education. This is the second year that the state's portion is proposed from other than bond funds. A Community College Construction Bond Act of 1976 was disapproved by the electorate in June, 1976.

Funds Available in Existing Community College Construction Bond Acts

We recommend that available bond funds be used to fund Items 425(1) through 425(32), a total of \$7,466,700.

The Governor's Budget indicates that there is a total of \$9,311,344 available from the Community College Construction Bond Act programs of 1968 and 1972. The remaining amounts are \$1,398,761 and \$7,912,583 respectively. The budget also indicates that all of the 1968 bonds have been sold and the remaining 1972 bonds will be sold during the current year. Consequently, the state will be paying interest on the bonds even if the available funds are not appropriated. Under these conditions we believe it would be prudent to utilize the available bond funds. We have proposed an appropriation of \$7,466,700 leaving a \$1,844,644 residual. The remaining amount would be available for inflationary cost increases related to construction projects.

Need for Instructional Capacity Space

Enrollments in all of higher education are projected to reach a peak in the early 1980's and then fall below current enrollments. It is not expected that the current level of enrollment will be reached again until the mid-1990's. In our Analysis of the 1975-76 Budget Bill we proposed that projects should not be funded which would provide capacity in excess of 1975-76 enrollment needs. Based on the latest enrollment projections by the Department of Finance we believe that policy is still appropriate for a large portion of the community college districts. However, in some cases, the projections indicate a continued growth or a rate of enrollment decline that does not go below current enrollments. In these instances we believe capacity space should be provided to meet the needs of these specific districts where long-term projections are not expected to fall below current levels. This may require some overcrowding during the latter portion of this decade. However, this will be short-term, and instructional space, using our proposed concept, should be adequate until the mid-1990's. On this basis, we have evaluated the proposals in the Budget Bill and each falls within our proposed criteria.

Proposed 1977-78 Capital Outlay Program

As we have indicated, the total number of projects in this item is 65. We have grouped the projects into the following four categories and have provided a discussion of each category. The cost estimates in each category are in line with similar projects experienced in the California State University and College campuses. The totals shown for each category represents the state's share only.

1. Site Development and Utility Services \$376,100

This category contains two projects and represents 1.4 percent of the proposed state participating program. The projects consist of a site development and utilities project at Mission College, West Valley Joint Community College District and a sewer interceptor proposal under the Clean Water Quality Act for College of the Redwoods, Redwood Joint Community College District. The projects are appropriate and we recommend approval.

2. Equipment \$3,214,700

This category contains 22 projects and represents 11.9 percent of the proposed state participating program. The buildings to be equipped include facilities for general academics, vocational technical and libraries. The requested equipment funding is necessary in order to make the buildings operable and we recommend approval.

3. Instructional Capacity Related Facilities \$21,642,500

This category contains 37 projects and represents 80.1 percent of the proposed state participating program. The projects represent a diversity of need including removal of architectural barriers, remodeling of existing space, and new general academic and vocational facilities. We recommend approval.

4. Libraries-Learning Resource Centers \$1,795,300

This category contains four projects representing 6.6 percent of the proposed state participating program. Each facility is justified based on current state guidelines for facilities of this type. We recommend approval.

MILITARY DEPARTMENT

Item 426 from the General
Fund

Budget p. 962

Requested 1977-78	\$77,234
Recommended approval	77,234

ANALYSIS AND RECOMMENDATIONS**Project Planning, Working Drawings and Supervision, Item 426(a)**

We recommend approval.

The Military Department receives federal funds for nearly 100 percent of its capital outlay program. However, the federal funds do not entirely finance the architecture and engineering fees. This request provides \$22,234 for these costs not covered by federal funds and is related to five projects totaling \$289,800.

Minor Projects, Item 426(b)

We recommend approval.

Minor capital projects are those costing \$100,000 or less. This request contains three such projects for \$55,000. Two of the projects provide new paving and the third is a project to repair a parking lot.

UNALLOCATED CAPITAL OUTLAY

Item 427 from the General
Fund

Budget p. 1031

Requested 1977-78	\$200,000
Recommended approval	200,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

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

Based on 1½ percent for preliminary planning, the proposed amount would provide for approximately \$13 million in construction cost. A program of this magnitude appears reasonable.

DEPARTMENT OF PARKS AND RECREATION

Item 428 from the 1964 State
Beach, Park, Recreational,
and Historical Facilities Bond
Fund

Budget p. 516

Requested 1977-78	\$1,291,092
Recommendation pending	1,291,092

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested projects.

This item is for state park system development projects from the 1964 State Beach, Park, Recreational, and Historical Facilities Fund:

(a) Emma Wood SB—camping and day use development	\$135,250
(b) Salt Point SP—campground and day use, working drawings and archeology	182,400
(c) San Onofre SB—day use, overnight, administrative facilities development	933,090
(d) Project planning	40,352
	<u>\$1,291,092</u>

DEPARTMENT OF PARKS AND RECREATION

Item 429 from the 1964 State
Beach, Park, Recreational,
and Historical Facilities Bond
Fund

Budget p. 516

Requested 1977-78	Reappropriation
Recommendation pending	Reappropriation

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested reappropriations.

This item is for reappropriation of ten state park system acquisitions, occupant relocation costs and development projects from the 1964 State Beach, Park, Recreational, and Historical Facilities Bond Fund.

DEPARTMENT OF PARKS AND RECREATION

Item 430 from the 1964 State
Beach, Park, Recreational,
and Historical Facilities Bond
Fund

Budget p. 516

Requested 1977-78	Reversions
Recommended approval	Reversions

ANALYSIS AND RECOMMENDATIONS

We recommend approval. The requested reversions are the result of local agency decisions.

This item is for reversion of 11 local assistance grant projects from the 1964 State Beach, Park, Recreational, and Historical Facilities Bond Fund.

WILDLIFE CONSERVATION BOARD

Item 431 from the Recreation
and Fish and Wildlife En-
hancement Bond Fund

Budget p. 484

Requested 1977-78	\$303,500
Recommended approval	303,500

ANALYSIS AND RECOMMENDATIONS**Mt. Whitney Hatchery Improvements**

We recommend approval.

The Recreation and Fish and Wildlife Enhancement Bond Act of 1970 provided \$6 million to the Wildlife Conservation Board for design and construction of fish and wildlife enhancement projects and fishing access sites in connection with the State Water Project. Appropriations from this source are subject to legislative action. The Budget Bill proposes \$303,500 to modernize brookstock facilities at the Mt. Whitney Hatchery. Approval of this amount would deplete the \$6 million.

The proposal includes construction of (1) a spawning house with fish handling equipment, (2) six concrete raceway ponds with center flume, (3) head pond sump, pump and aerator, (4) piping settling ponds and (5) related work.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT

Item 432 from the 1970 Recrea-
tion and Fish and Wildlife En-
hancement Bond Fund

Budget p. 494

Requested 1977-78	\$50,000
Recommended approval	50,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item provides \$50,000 to the Department of Navigation and Ocean Development for minor capital outlay projects at Folsom and Millerton Lakes.

DEPARTMENT OF PARKS AND RECREATION

Item 433 from the 1970 Recreation and Fish and Wildlife Enhancement Bond Fund

Budget p. 516

Requested 1977-78	\$1,970,933
Recommendation pending	1,970,933

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested projects.

This item is for state park system planning and development projects at state water project reservoirs from the 1970 Recreation and Fish and Wildlife Enhancement Fund:

(a) Lake Oroville SRA—Lime Saddle day use construction	\$734,919
(b) Silverwood Lake SRA—campground and access road development	1,121,390
(c) Project planning	114,624
	<u>\$1,970,933</u>

DEPARTMENT OF PARKS AND RECREATION

Item 434 from the 1970 Recreation and Fish and Wildlife Enhancement Bond Fund

Budget p. 516

Requested 1977-78	Reappropriation
Recommendation pending	Reappropriation

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed to evaluate the proposed reappropriations.

This item is for reappropriation of eight state park system development projects from the 1970 Recreation and Fish and Wildlife Enhancement Bond Fund.

DEPARTMENT OF PARKS AND RECREATION

Item 435 from the 1974 State
Beach, Park, Recreational,
and Historical Facilities Bond
Fund

Budget p. 516

Requested 1977-78	\$13,783,660
Recommendation pending	13,783,660

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested projects.

The item is for state park system planning and development projects from the 1974 State Beach, Park, Recreational, and Historical Facilities Bond Fund:

(a) Bale Grist Mill SHP—grist mill restoration	\$402,215
(b) Bothe-Napa SHP—campground development	619,453
(c) Columbia SHP—firehouse working drawings and re- search.....	96,400
(d) Columbia SHP—Fallon Hotel working drawings and research	129,000
(e) Emma Wood SB—camping and day use development	700,177
(f) Empire Mine—research, stabilization, construction	273,768
(g) Fort Ross SHP—Kuskov House restoration, interpreta- tion, archeology	509,625
(h) Monterey SHP—Cooper Molera Adobe restoration	966,425
(i) Mount San Jacinto SP—Stone Creek water supply study	10,000
(j) Old Sacramento SHP—Railroad Museum, working drawings and construction	4,542,650
(k) Salt Point SP—campground and day use, working drawings and archeology	46,050
(l) San Juan Bautista SHP—Plaza Hotel reconstruction	921,225
(m) San Onofre SB—day use, overnight, administrative facilities development	2,807,020
(n) Statewide—archeological and historical research	60,000
(o) Project planning	1,699,652
	<hr/> \$13,783,660

DEPARTMENT OF PARKS AND RECREATION AND WILDLIFE CONSERVATION BOARD

Item 436 from the 1974 State
Beach, Park Recreational, and
Historical Facilities Bond
Fund

Budget p. 516

Requested 1977-78	Reappropriation
Recommendation pending	Reappropriation

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested reappropriation.

This item is for reappropriation of 45 state park system acquisition and development projects and one Wildlife Conservation Board appropriation from the 1974 State Beach, Park, Recreational, and Historical Facilities Bond Fund.

DEPARTMENT OF PARKS AND RECREATION

Item 437 from the 1974 State
Beach, Park, Recreational,
and Historical Facilities Bond
Fund

Budget p. 516

Requested 1977-78	\$166,359
Recommended approval	166,359

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item provides \$166,359 for administration of grants for local grant projects financed from the 1974 Park Bond Fund. This item is a reimbursement to the general support budget Item 221.

DEPARTMENT OF PARKS AND RECREATION

Item 438 from the 1974 State
Beach, Park, Recreational,
and Historical Facilities Bond
Fund

Budget p. 509

Requested 1977-78	\$3,735,968
Recommended approval	3,735,968

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 agency priorities. Local governments utilize some of the grant funds in combination with federal matching funds.

This item would appropriate \$3,735,968 for 90 projects as enumerated under Item 438 on pages 137 to 142 of the Budget Bill as introduced. The grants are locally approved as prescribed in the bond act and represent decisions made by local government.

DEPARTMENT OF PARKS AND RECREATION

Item 439 from the 1974 State
Beach, Parks, Recreational,
and Historical Facilities Bond
Fund

Budget p. 503

Requested 1977-78	Reappropriation
Recommended approval	Reappropriation

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the requested reappropriations.

This item is for reappropriation of 29 local grant projects from the 1974 State Beach, Parks, Recreational, and Historical Facilities Bond Fund. The requested reappropriations represent decisions made by local government.

DEPARTMENT OF PARKS AND RECREATION

Item 440 from the 1974 State
Beach Park, Recreational, and
Historical Facilities Bond
Fund

Budget p. 503

Requested 1977-78	Reversions
Recommended approval	Reversions

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the requested reversions.

This item is for reversion of 19 local grant projects from the 1974 State Beach, Park, Recreational, and Historical Facilities Bond Fund. these reversions represent local government decisions.

WILDLIFE CONSERVATION BOARD

Item 441 from the State, Urban,
and Coastal Park Fund

Budget p. 485

Requested 1977-78	\$100,000
Recommended approval	100,000

ANALYSIS AND RECOMMENDATIONS

In the November 1976 general election the electorate approved the sale of \$280 million in state general obligation bonds under the Nejedly-Hart State, Urban, and Coastal Park Bond Act of 1976 (Proposition 2). This act provides \$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. At least \$10 million of this amount is to be used for planning, interpretation and acquisition of coastal projects.

Project Planning

We recommend approval.

The funds in this item are requested to provide acquisition and development planning funds pursuant to the bond act. Appraisals, title reports, surveys, engineering studies and Environmental Impact Reports will be developed for projects when necessary with the \$100,000.

DEPARTMENT OF NAVIGATION AND OCEAN DEVELOPMENT

Item 442 from the 1976 State,
Urban, and Coastal Park Fund

Budget p. 494

Requested 1977-78	\$393,000
Recommendation pending	393,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed to evaluate the proposed projects.

This item is for planning and development of boating facilities in the State Park System:

(a) Castaic Lake, Sharon's Rest Area—Los Angeles County	\$343,000
(b) Project planning	50,000
	<u>\$393,000</u>

DEPARTMENT OF PARKS AND RECREATION

Item 443 from the 1976 State,
Urban, and Coastal Park Fund

Budget p. 516

Requested 1977-78	\$33,503,672
Recommendation pending	33,503,672

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the proposed acquisition projects.

The 1976 State, Urban, and Coastal Park Bond Act provides \$144 million for state park system acquisitions. Of this amount, \$110 million is designated for acquisition of coastal property.

This item is for eight coastal and three inland acquisition projects and for acquisition planning:

(a) Ano Nuevo SRA—acquisition	\$1,518,500
(b) Dana Point Headlands—acquisition	5,500,000
(c) El Castillo—acquisition	2,000,000
(d) Garner Valley—acquisition	1,550,000
(e) Garrapata Beach—acquisition	2,000,000
(f) Humboldt Lagoons—acquisition	5,750,000
(g) Lighthouse Field—acquisition	4,600,000
(h) Mount Diablo SP—acquisition	2,250,000
(i) Point Dume SB—acquisition	4,235,000
(j) Round Valley—acquisition	3,000,000
(k) Trinidad Bay—acquisition	1,030,000
(l) Planning	70,172
	<u>\$33,503,672</u>

STATE COASTAL CONSERVANCY

Items 444-445 from the State
Coastal Conservancy Fund

Budget p. 410

Requested 1977-78	\$226,531
Estimated 1976-77.....	(26,116)
Total recommended reduction	None

1977-78 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
444	State Operations	State Coastal Conservancy	\$200,415
445	Repayment of General Fund Loan	State Coastal Conservancy	26,116
			<hr/> \$226,531

GENERAL PROGRAM STATEMENT

Chapter 1441, Statutes of 1976, established the State Coastal Conservancy in the Resources Agency. The conservancy consists of the following members:

1. Chairperson of the Coastal Commission.
2. Secretary of the Resources Agency, who serves as chairperson.
3. Director of Finance.
4. Two public members appointed by the Governor.

The law provides for an executive officer, an exempt position, to serve the conservancy and authorizes other staff as necessary.

The conservancy is funded by \$10 million provided in Chapter 259, the State, Urban and Coastal Bond Act of 1976.

Responsibilities

The Coastal Conservancy may engage in several activities and carry out projects pertaining to land protection and restoration in the coastal zone. In most cases the projects must (1) conform to policies of the California Coastal Act of 1976 (Chapter 1330), (2) be approved by the Coastal Commission or (3) be in conformity with a local coastal program. Expenditures may be made after funds are appropriated by the Legislature. The conservancy's authorized activities are unique and without precedent. They are as follows:

1. *Preservation of agricultural lands.* The conservancy may acquire fee title or other interest in land to prevent the loss of agricultural land to other uses. The conservancy must take action to return the lands to private ownership with appropriate use restrictions.

2. *Coastal restoration projects.* The conservancy may award grants to local agencies to assemble parcels of land within coastal restoration areas in order to correct undesirable development patterns, including blighted areas. For these projects, the conservancy and local agencies are subject to the State Community Redevelopment Law.

3. *Coastal resource enhancement projects.* These projects consist of grants to local and state agencies to restore the natural and scenic character of areas.

STATE COASTAL CONSERVANCY—Continued

4. *Resource protection zones.* The conservancy may award grants to state agencies for the acquisition of interests in lands, other than full fee title, to establish buffer areas around public beaches, parks, natural areas and fish and wildlife preserves in the coastal zone.

5. *Reservation of significant coastal resource areas.* The conservancy may make interest-free loans to the Department of Parks and Recreation to acquire and hold key coastal resource land, which otherwise would be lost to public use, for subsequent conveyance to an appropriate public agency.

6. *System of public accessways.* The conservancy may award grants to (1) the Department of Parks and Recreation to acquire and initially develop lands for public accessways to the coast and (2) local agencies for initial development of accessways. The law expresses legislative intent to vest in the department the authority to implement a system of public accessways along the coastline.

ANALYSIS AND RECOMMENDATIONS*We recommend approval.*

The budget indicates an executive officer and stenographer positions will be established February 1, 1977. The current year program will be financed by a General Fund loan of \$26,116. Item 445 requests \$26,116 from the State Coastal Conservancy to repay the loan.

For the budget year, \$200,415 for support in Item 444 appears reasonable as an initial request. The amount includes funds for a third staff position, an administrative assistant, and \$100,000 in professional and consulting services by the Real Estate Services Division of the Department of General Services. Chapter 1441 requires the conservancy to utilize that division as much as possible in real property transactions and the Coastal Commission staff for planning and project evaluation.

There are no conservancy projects included in the 1977-78 budget.

UNIVERSITY OF CALIFORNIA**Item 446 from the Health**

Sciences Facilities Construction Program Fund (bonds)

Budget p. 837

Requested 1977-78	\$24,681,000
Recommended approval	11,599,000
Recommended reduction	54,000
Recommendation pending	13,028,000
Recommended augmentation ^a	150,000
Net recommended approval	\$11,749,000

^a If bond funds are not available, this amount should be funded from the Capital Outlay Fund for Public Higher Education (COFPHE) under Item 415.

SUMMARY OF RECOMMENDATIONSAnalysis
page

- | | |
|--|------|
| 1. Davis. Withhold recommendation on Sacramento Medical Center improvements (alterations) 1975-76, 1976-77 pending additional information. | 1179 |
| 2. Davis. Withhold recommendation on Sacramento Medical Center replacement of seismically deficient patient care areas, pending additional information. | 1179 |
| 3. <i>Davis. Reduce by \$54,000.</i> Recommend deleting minor capital outlay projects at the Davis campus from the request for correction of California Administrative Code deficiencies. | 1179 |
| 4. Davis. Withhold recommendation of request to correct California Administrative Code deficiencies at the Sacramento Medical Center, pending additional information. | 1179 |
| 5. <i>Davis. Augment by \$150,000.</i> Recommend site acquisition and control language for a San Joaquin Valley Veterinary Medicine Clinical Facility. (If bond funds not available, fund from COFPHE, under Item 415) | 1180 |
| 6. Irvine. Withhold recommendation of medical center renovations and improvements—building 1 addition, pending additional information. | 1181 |
| 7. Irvine. Withhold recommendation on medical surgical alterations, pending additional information. | 1181 |
| 8. Irvine. Withhold recommendation on correction of California Administrative Code deficiencies pending additional information. | 1181 |
| 9. San Diego. Withhold recommendation on relocate nuclear medicine, University hospital, pending additional information. | 1182 |
| 10. San Diego. Withhold recommendation on operating suite expansion, phase B, University hospital pending additional information. | 1182 |
| 11. San Diego. Withhold recommendation on correction of Administrative Code deficiencies, University hospital, pending additional information. | 1182 |
| 12. San Francisco. Withhold recommendation on correction of California Administrative Code deficiencies, pending additional information. | 1183 |
| 13. San Francisco. Recommend proceeds from the sale of property, originally purchased by the state, be deposited in the University's General Fund to off set future state General Fund requirements. | 1184 |

ANALYSIS AND RECOMMENDATIONS

In the 1972 general election, the electorate approved a \$155.9 million Health Science Facilities Construction Program Bond Fund to provide expansion, development and construction of Health Science Facilities at the University of California. This item provides \$24,681,000 from the

UNIVERSITY OF CALIFORNIA—Continued

Health Science Facilities Construction Program Fund for two University-wide allocation projects and 22 projects at six campuses. Approval of this item as proposed will deplete the bond fund. A discussion of the proposed projects and our recommendations follows:

A. Universitywide Projects

This category contains two projects totaling \$100,000. Item 446(1) proposes \$50,000 for programming studies, completion of schematic plans and design development for health science projects which will require further planning or working drawings in 1977-78 or subsequent years. Because the Health Science Bond Fund will be depleted after 1977-78, any project planned under this proposal will have to be funded from other sources (i.e., Capital Outlay Fund for Public Higher Education).

Item 446(2) proposes \$50,000 for master planning, long-range development planning, and planning studies not directly related to specific health science project.

The amount requested in these items is reasonable and we recommend approval.

B. Berkeley Campus

The proposal for the Berkeley campus includes one construction and two equipment projects. The projects and our recommendations are summarized in Table 1.

Table 1
Berkeley Health Science Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
446(13)	Optometry building (Minor Hall) addition	e	\$791,000	\$791,000	0
446(14)	Alterations to Minor Hall for optometry	e	187,000	187,000	0
446(15)	Warren Hall, alterations and life safety improvements for public health	c	1,011,000	1,011,000	0
	Total		\$1,989,000	\$1,989,000	0

^a Phase symbol indicates: c—construction; e—equipment.

^b University estimates.

Optometry Equipment

The two equipment proposals are for the optometry building addition and alterations to the existing optometry building (Minor Hall), which will provide approximately 44,000 assignable square feet (asf) of new and remodeled space. This space, plus approximately 8,000 asf in Cowell Hospital, will be sufficient for an optometric program for a total of 253 OD students, a graduate program in physiological optics of 25 students, an in-resident specialty program for 18 post-graduate optometry students and continuing professional education program for practicing optometrists.

Construction of the facilities is under way. The requested equipment funding will make the new and remodeled facilities operable. The amount requested is reasonable and we recommend approval.

Warren Hall Alterations

This project would provide additional faculty offices, consolidate administrative and clerical functions, convert a laboratory for both dry and wet laboratory functions, correct fire and life safety code deficiencies, isolate hazardous laboratories and correct code violations in animal quarters. Planning and working drawing funds for the project were approved in the Budget Act of 1976. Planning is on schedule and construction should start early in the budget year. The scope of the project is consistent with that approved in 1976 and the amount requested is reasonable.

C. Davis Campus

The proposal for the Davis health science campus includes three projects for the medical school (\$3,978,000) and one for the Veterinary Medical School (\$3,432,000). In addition, we are recommending an augmentation of \$150,000 to provide site acquisition for a Veterinary Medical Clinical facility in San Joaquin Valley. Table 2 summarizes this proposal and our recommendation for each project.

Table 2
Davis Health Science Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
446(4)	Sacramento Medical Center improvements (alterations) 1975-76, 1976-77	c	\$1,832,000	Pending	—
446(16)	Veterinary Medicine Unit 2	c	3,432,000	\$3,432,000	\$640,000
446(17)	Sacramento Medical Center replacement of seismically deficient patient care-areas	w	260,000	Pending	10,148,000
446(18)	California Administrative Code (CAC) deficiencies, step 1	wc	211,000	Pending	—
446(19)	County Health Building				
	Sacramento Medical Center ..	a	1,675,000	1,675,000	c
—	San Joaquin Valley Clinical Facility				
	—Veterinary Medicine	a	—	\$150,000	2,338,000
	Total		\$7,410,000	\$5,257,000	\$13,126,000

^a Phase symbol indicates: a—property acquisition; w—working drawings; c—construct.

^b University estimate.

^c Cost for anticipated alterations have not been identified.

Continued Use of Sacramento Medical Center Remains Uncertain

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

In early 1976, the county and the University reached an interim agreement to be operative for three years commencing retroactively on July 1,

UNIVERSITY OF CALIFORNIA—Continued

1975. The terms of the interim agreement stipulate that if a permanent agreement is not signed by July 1, 1977, the Medical Center will revert to the county on June 30, 1978. If this occurs, the Davis Medical School will not have sufficient clinical facilities for its current students. Because of this possibility, the Legislature adopted supplemental language directing the University to (1) notify incoming medical students that they may be required to take their clinical training at another UC campus and (2) develop a contingency plan for the placement of Davis medical students. The University reports that it has implemented this language.

To assist in the negotiations for a long-term agreement, the Joint Rules Committee has engaged a private accounting firm to "conduct an impact analysis of the University of California takeover of the Sacramento Medical Center." The basic reason for this study is to attempt to delineate the costs of educating physicians within a clinical teaching facility. Hopefully, a fair and equitable agreement can be reached for continued University ownership and operation of the SMC.

Proposed Projects at the Sacramento Medical Center

We withhold recommendation of Items 446(4), and (17) for improvements at the Sacramento Medical Center, pending additional information.

The Budget Bill includes control language restricting expenditure of appropriations for capital outlay projects at the SMC until a long-term agreement is signed by the University and the County of Sacramento. Given the existing circumstances, we believe the Budget Bill language is appropriate.

Item 446(4) proposes SMC improvements and Item 446(17) proposes working drawings for replacement of seismically deficient patient care facilities. The Budget Act of 1976 provided working drawing funds in the amount of \$95,000 and \$105,000 respectively for these projects. To date these funds have not been expended and we have no basis to substantiate the requested amounts. In addition, the University is in the process of finalizing a physical master plan for the SMC. Until the master plan is complete and planning for these specific projects is undertaken, the proper scope and cost of the projects cannot be determined. This information should be available prior to budget hearings.

Project to Correct Code Deficiencies

We recommend that Item 446(18), California Administrative Code (CAC) deficiencies, Step 1 be reduced by deleting minor capital outlay projects at the Davis campus, a reduction of \$54,000.

Further, we withhold recommendation on the remaining portion of Item 446(18) related to corrective work at the Sacramento Medical Center.

This proposal consists of two parts. One part is for three projects on the Davis campus. These projects range from ventilation of toxic atmospheres (\$2,500) to modification of the water system to provide backflow prevention devices (\$32,500). These projects are in the category of minor capital outlay and should be funded from the University's minor capital outlay appropriation in priority with other needs.

The second part of the proposal contains \$157,000 for correction of code deficiencies at the Sacramento Medical Center. The proposed Budget Bill language pertaining to a long term agreement for University operation of the SMC should apply to this project. In addition, the University has not prepared adequate planning documents to substantiate the estimated costs. Until this information is available, we withhold recommendation of the proposed amount.

Veterinary Medicine Unit 2

This project will provide approximately 28,000 asf of specialized clinical, research and hospital research laboratories for the School of Veterinary Medicine. This proposal, plus previously funded projects to alter space on the Davis campus, will permit an increase in the veterinary medicine class size from 94 to 128. Working drawings funds for this project have been previously approved and the funds were allocated by the State Public Works Board at its January 1977 meeting. The scope of the project is as approved by the Legislature. Approval of construction funds would follow legislative intent indicated in the Supplementary Report of the Committee on Conference related to the Budget Act of 1976. Construction can begin early in the budget year and we recommend approval.

San Joaquin Veterinary Medicine Clinical Facility

We recommend addition of funds and control language to provide site acquisition for a San Joaquin Valley Veterinary Medicine Clinical Facility, an augmentation of \$150,000. (If bond funds are not available this project should be funded from the Capital Outlay Fund for Public Higher Education (COFPHF) under Item 415.)

The proposed veterinary clinic in the San Joaquin Valley would fulfill a need for instructional facilities for food animal veterinary medicine. The facility is needed because of the scarcity of food animals in the Davis area.

The absence of adequate food animals in the Davis area is one reason few veterinary medicine graduates presently elect careers in food animal practice. The San Joaquin Valley 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. We believe this end result is desirable and the state should encourage the development of this program.

Criteria for Site Location. The University's selection criteria for location of a field clinic are (1) a minimum of 10,000 dairy cattle within approximately 15 miles, (2) four to six feed lots within approximately 30 miles and (3) a large livestock population within 50 miles. The University has reported that the most favorable location for the clinic is within the four southern counties (Tulare, Kings, Fresno and Kern) of the San Joaquin Valley with northern Tulare County best suited as the location.

The Postsecondary Education Commission has reviewed the field clinic proposal and has recommended locating the clinic on the California State University campus at San Luis Obispo or Pomona. It is our understanding that the Department of Finance is also considering the California State College-Stanislaus campus. The University has evaluated these proposals

UNIVERSITY OF CALIFORNIA—Continued

and at the request of the state is in the process of re-evaluating them. Unless this re-evaluation discloses unexpected conditions which make one of the three sites acceptable, the University should proceed with acquiring a site in the San Joaquin Valley. Because of the status of the bond fund, site acquisition may have to be funded from the COFPHE, under Item 415.

Maintain Veterinary Class Size at 128. The University's report dated December 29, 1975, in which it proposed establishment of the clinic, also recommended an increase in class size from 128 to 140 students. The Regents 1977-78 capital improvement budget also indicates a class size of 140 if the San Joaquin facilities are provided. The Legislature in the Supplemental Report of the Committee on Conference related to the Budget Act of 1976 indicated that any increase beyond the 128 class size would require specific legislative review and approval. There is no apparent need for additional veterinarians beyond the class size of 128 and we recommend that control language be included with the funds for the San Joaquin Valley Clinic which indicates that (1) the class size should not be increased, and (2) support and operations costs for a class size above 128 will not be provided in the future unless specifically approved by the Legislature.

Project Status and Costs. The proposed clinic would occupy approximately 200 acres and contain (1) a 7,900 asf hospital building, (2) 7,900 asf support space, (3) 8,600 asf barn space plus (4) corrals, paddocks and irrigated pasture. These facilities would provide clinical training of fourth-year food animal veterinary students. The training would be 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% |

Planning funds for this project are available to the University and should be used immediately. Current estimates indicate a future capital cost of \$2.3 million. Because the Health Science Bond Fund will be depleted in the budget year, this future amount must be from the Capital Outlay Fund for Public Higher Education or other sources. The University also estimates that annual support and operating costs for the San Joaquin Valley clinic will be approximately \$400,000. Clinic revenues will partially off-set such state costs.

D. Irvine Campus

We withhold recommendation on Items 446(6), (7) and (21), pending additional information.

The request for the Irvine campus contains four projects as summarized in Table 3.

Table 3
Irvine Health Science Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
446(5)	Medical Sciences Unit 1	e	\$2,052,000	\$2,052,000	0
446(6)	UC Irvine-Medical Center renovations and improvements—building 1 addition	c	8,372,000	Pending	\$472,000
446(7)	Medical surge alterations	pwc	388,000	Pending	53,000
446(21)	California Administrative Code (CAC) deficiencies Step 1 (medical surge I and II)	wc	120,000	Pending	0
	Total.....		\$10,932,000	\$2,052,000	\$525,000

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

^b University estimate.

We withhold recommendation on three of the four projects at the Irvine campus. There is a need for these projects, but the University has not provided adequate planning and cost information. This information should be available prior to budget hearings.

Medical Center Renovations and Improvements. This proposal, Item 446(6), would provide \$8,372,000 for construction of a 53,500 asf addition to the main hospital building to provide expanded and improved facilities for inpatient care and supporting diagnostic, treatment and service activities. The Budget Act of 1976 contained \$285,000 for planning and working drawings for this project. These funds have not been requested for allocation by the State Public Works Board and planning has not proceeded as rapidly as expected. Because of this, adequate information is not available to evaluate either the scope or requested amount for the project.

Medical Surge Alterations. This proposal would provide alterations to teaching laboratories in the medical surge facility to accommodate the 96 student MD class size. The project appears appropriate but the University has not provided adequate information detailing its scope or costs.

California Administrative Code Deficiencies. This proposal would provide correction of building code deficiencies pertaining to exiting, and ventilation of toxic fumes. The project is justified but adequate planning and cost information is not available at this time.

E. Los Angeles Campus

The proposal for the Los Angeles campus contains \$998,000 for one construction project to correct safety deficiencies in the Health Sciences Center. The project is the third and final phase of UC efforts to correct fire and life safety and public health code deficiencies. The amount requested is reasonable and we recommend approval.

F. San Diego Campus

We withhold recommendation of Items 446(11), (12) and (23) pending additional information.

The program for the San Diego health science campus includes six projects totaling \$2,518,000. This program and our recommendations for each project is summarized in Table 4.

UNIVERSITY OF CALIFORNIA—Continued

Table 4
San Diego Health Science Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
446(8)	University hospital—correction of mechanical system inadequacies	c	\$142,000	\$142,000	0
446(9)	University hospital—remodel released medical records area, 2nd floor	c	105,000	105,000	0
446(10)	University hospital—remodel released clinic areas, 1st floor ..	c	613,000	613,000	0
446(11)	University hospital—relocate nuclear medicine.....	wc	383,000	Pending	0
446(12)	University hospital—operating suite expansion, phase B.....	wc	744,000	Pending	0
446(23)	California Administrative Code (CAC) deficiencies, Step 1, (elevators, chemical carcinogens, airborne contaminants)	wc	531,000	Pending	0
	Total.....		\$2,518,000	\$860,000	0

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

Upgrade University Hospital. Each of the projects at the San Diego health science campus reflects a continuing effort to upgrade the University hospital. The scope of each project is in line with this effort and should proceed. However, the University is in the process of preparing plans and cost estimates for three of the six requests. In these cases, we have withheld our recommendation pending receipt of the additional information.

G. San Francisco Campus

We withhold recommendation on Item 446(24), California Administrative Code (CAC) deficiencies, 1977-78, pending additional information.

The request for the San Francisco campus contains two projects as summarized in Table 5.

Table 5
San Francisco Health Science Projects

<i>Item No.</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
446(3)	Clinics and medical sciences building alterations, step 2.....	ce	\$493,000	\$493,000	0
446(24)	California Administrative Code (CAC) deficiencies, 1977-78.....	wc	241,000	Pending	0
	Total		\$734,000	\$493,000	0

^a Phase symbol indicates: w—working drawings; c—construction; e—equipment.^b University estimate.

Clinics and Medical Sciences Building Alterations, Step 2. This project provides renovation of 4,628 asf on the fifth floor of the Medical Sciences Building to provide research laboratories and academic and administrative offices for the School of Dentistry. The project is part of the University's master plan to provide a total of 162,000 asf for the School of Dentistry at San Francisco. Planning and working drawing funds for this project were provided in the Budget Act of 1976. The scope of the project is consistent with that approved in 1976 and we recommend approval of the requested construction amount.

California Administrative Code Deficiencies, 1977-78. This proposal will correct building code deficiencies related to (1) chemical carcinogen handling, (2) ventilation of toxic fumes and (3) electrical modifications. The project is necessary in order to comply with existing codes. However, the University has not provided adequate planning and cost information. This information is being developed and should be available prior to budget hearings.

Property Sold at San Francisco Campus

We recommend that the proceeds from the sale of property originally purchased by the state be deposited in the General Fund.

The University recently consummated the sale of certain properties at the San Francisco campus. The proceeds (approximately \$232,500) have been deposited in a University unallocated account pending a policy decision on their disposition.

The University indicates that nine properties remain to be sold. Sale of these properties was apparently approved by the Regents during a November 1976 executive session.

It is our understanding that a portion (or all) of both the sold and unsold properties was purchased with state general funds. The University is in the process of verifying state participation in the original purchase of the subject properties. This information should be available prior to budget hearings. In our opinion, proceeds from the sale of property which the state originally purchased, should be deposited in the University's General Fund and the amount be offset against future state General Fund requirements.

CONTROL SECTIONS

Sections 4 through 36 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.