

FEDERAL REVENUE SHARING AUDITS—Continued

ments under these circumstances.

We question also whether sufficient numbers of CPA's are available to handle the workload given the increased "independent" revenue sharing audits that will also be required of all local recipient agencies. It should be noted that an additional \$670,000 is budgeted under Item 349 to allow the Department of Finance to contract with CPA's for reimbursable audits of federal funds (other than revenue sharing), received by state agencies.

In addition to questioning the necessity for and feasibility of the federal requirement and this proposal, we have been unable to evaluate the basis upon which the \$3.5 million funding level was calculated. We also believe a cost estimate for having other state agencies (e.g., Auditor General's office) perform these audits should be available for Legislative consideration. Finally, we believe information on responses by other states to this questionable federal requirement should be available for legislative review.

CAPITAL OUTLAY**SUMMARY**

The Budget Bill includes approximately \$470.3 million from all sources for capital outlay. This is 49 percent more than the appropriation included in the Budget Act of 1977. However, this is the first year the Department of Transportation capital outlay program has been included in the Budget Bill. When the total is adjusted for the department's \$195.4 million the remaining amount represents an 11.2 percent decrease from the current year appropriation. The most significant decreases are 46 percent in education and 38 percent in health and welfare. Table 1 shows how the amounts in the budget are distributed.

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

<i>Organizational Unit</i>	<i>General Fund</i>	<i>Special Fund</i>	<i>Bond Funds</i>	<i>Total all Sources</i>
Legislative/Judicial/Executive	\$1,143,102	—	—	\$1,143,102
State and Consumer Services ..	71,431,170	—	—	71,431,170
Business and Transportation	—	\$207,307,974	—	207,307,974
Resources	10,298,903	15,145,426	\$55,959,389	81,403,718
Health and Welfare	35,621,393	—	—	35,621,393
Education	62,000	59,899,200	6,300,000	66,261,200
General Government	2,166,550	5,000,000	—	7,166,550
Total	\$120,723,118	\$287,352,600	\$62,259,389	\$470,335,107

General Fund

Approximately \$120.7 million (25.7 percent) of the total amount proposed for capital outlay is from the General Fund. This is 14.8 percent higher than the General Fund appropriation in the Budget Act of 1977. The major portion is for the Departments of General Services (\$70.5 million), Developmental Services (\$16 million) and Corrections (\$11.3 million). The remainder consists of relatively small amounts for 28 other

departments.

The amount provided for the Department of General Services is mainly related to development of the Sacramento Capitol Area Plan (including new office buildings) and planning and/or construction for new state office buildings in San Jose, Long Beach, San Francisco, Los Angeles, and Van Nuys. The Department of Developmental Services proposal is principally related to fire and life safety corrections at the state hospitals.

The Budget Bill also includes two reserves from the General Fund totaling \$180.7 million. This amount is set aside for new state office buildings (\$84.7 million) and new prison facilities (\$96 million) when reappropriated by the Legislature in future Budget Acts.

Education

The capital outlay program for education represents approximately 13.2 percent of the total state capital outlay appropriation. Nearly all of the proposed amount is from special funds and bond funds. The proposal represents a 46 percent decrease from the amount provided in the Budget Act of 1977. Table 2 summarizes the appropriations contained in the Budget Act of 1977 and the Budget Bill proposals.

Table 2
Capital Outlay for Education
Comparison of Appropriations
Budget Act of 1977 and Budget Bill 1978-79

<i>Segment</i>	<i>Fund</i>	<i>Budget Act of 1977 Amount</i>	<i>Budget Bill for 1978-79 Amount</i>
University of California	Health Science Bonds	\$24,548,000	\$6,300,000
University of California	COFPHE ^a	20,079,000	23,397,000
Hastings College of Law	COFPHE ^a	1,127,300	7,695,000
California State University and Colleges.....	COFPHE ^a	28,647,000	10,399,000
California Maritime Academy	COFPHE ^a	2,206,260	767,600
California Community Colleges.....	COFPHE ^a	26,767,200	16,096,400
Department of Education	COFPHE ^a	18,691,000	1,544,200
Department of Education	General	—	62,000
TOTAL		\$122,065,760	\$66,261,200

^a Capital Outlay Fund for Public Higher Education

Other Programs

Parks and Recreation. The capital outlay program for the Department of Parks and Recreation totals approximately \$52.1 million. Of this amount, \$1.4 million is for development projects under the 1964 State, Beach, Park, Recreational and Historical Facilities Fund, \$24.9 million is for acquisition and development projects under the 1976 State, Urban and Coastal Park Bond Act, \$10.5 million is for development from the 1974 State Beach, Park, Recreation and Historical Bond Act, \$7.0 million is for acquisition and development from the Off-Highway Vehicle Fund, \$3.9 million is for acquisition and development from the Collier Park Preservation Fund, \$219,000 is for development projects under the Recreation and Fish and Wildlife Enhancement Fund, \$3.7 million is for acquisition projects under

SUMMARY—Continued

the Park and Recreation Revolving Account, General Fund, and \$462,000 is for restoration work at Hearst San Simeon State Historic Monument under the General 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.

Transportation. This is the first year the Department of Transportation capital outlay program has been included in the Budget Bill. The department's program totals \$195.4 million from the State Highway Account, State Transportation Fund. Appropriation requests from the State Transportation Fund, Motor Vehicle Account total approximately \$11.4 million. Of this amount \$2.4 million is for the California Highway Patrol for planning and/or construction of new field offices and minor capital outlay. The remaining \$9 million is for the Department of Motor Vehicles for planning and/or construction of new field offices, purchase of leased facilities and minor capital outlay.

Inadequate Budget Information

Throughout our analysis of the proposed capital outlay program we have indicated that information is either unavailable or inadequate to justify many requested projects. For example, the Department of General Services capital outlay proposal totals \$70.5 million, yet the information supplied for practically all projects is not adequate to substantiate the requests. The lack of information has been on the increase over the past several years and, with respect to the 1978-79 budget, the majority of the capital improvement budget requests (except those of the University of California, California State University and Colleges and California Community Colleges) have not been adequately prepared. Such inadequate budget preparation would not result if existing State Administrative Manual (SAM) procedures were followed.

The capital outlay budgeting procedures outlined in the SAM are as follows:

1. Each department is to submit a written program for each project to be included in the capital budget request for the forthcoming fiscal year and a projected capital outlay need for the four years after the budget year. Projects in the last four years of the plan must include a description of the project and current estimated costs. The five year building plan must reach the Department of Finance by April 1.

For the past several years this procedure has not been followed and the department's four year projections for capital outlay needs have been eliminated from the Governor's Budget. In order to adequately assess each department's capital outlay needs, this procedure should be followed.

2. Before any capital outlay project can be included in the Governor's legislative program, there must be an agreement on the salient aspects of the project. Copies of the written project program are to be distributed to the Department of Finance, the Legislative Analyst, the department submitting the project, the agency (if applicable),

and the Office of State Architect (if that office would normally be assigned to do the construction). If necessary, the Department of Finance is to call a conference of these parties to determine the need and scope of the project in detail, to resolve outstanding issues, and to set the project priority if it has not been set by the agency. Depending on the results of the scope conference, the Department of Finance may allocate preliminary planning funds to the State Architect and authorize the preparation of schematic plans and budget estimates.

This portion of the procedure is essential but the necessary project information has not been available and scope conferences have not been scheduled. In fact, in most cases any information that has been developed on the projects is not received until December. As a result, the scope and associated costs for many projects is unresolved and the projects do not proceed in a timely manner. Unless the procedure outlined in the SAM is followed, the capital outlay projects will continually be delayed and the scope and costs will be uncertain when presented to the Legislature. Overtime, these delays greatly increase the cost of capital projects.

3. SAM requires that if a project is relatively small, the initial proposal made to the Legislature may include funds for working drawings, construction and equipment. Normally, for large projects, the first proposal made to the Legislature is for funds for the preparation of working drawings. Following the preparation of project cost estimates a decision is made regarding the specific projects to be proposed for construction funding in the Governor's Budget.

This portion of the SAM procedures has been disregarded. Planning, working drawing and construction funds have been requested for several large projects and requests for construction funding have been included for projects for which working drawings were appropriated in prior years, even though the scope of the project and preliminary plans and cost estimates have not been determined.

Unless the above procedures in the SAM are followed, the scope and cost of capital outlay projects will not be known when it is presented to the Legislature. Moreover, if the project is approved under these circumstances, the Legislature has no further opportunity to review and evaluate the capital improvement proposal. Once the project is included in the Budget Act the only further review is at the State Public Works Board. Although there are legislative advisors on the board, the voting members of the board are part of the administration. Thus, the board is an arm of the administration and is outside the legislative process.

Federal Public Works Employment Act of 1977 (Title I, Round II)

In an effort to stimulate economic recovery, the Federal Government, to provide federal fiscal assistance to state and local governments established the Public Works Employment Act of 1976 (PWEA). The act appropriated \$3.25 billion under two titles: Title I Local Public Works for capital outlay projects and Title II Anti-Recession provisions to maintain basic governmental services. Subsequent to the passage of that act a Public

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Works Employment Act of 1977 or Round II of the initial act was implemented.

In July 1977, the Director of Finance, pursuant to Control Section 28, Budget Act of 1977, informed the Legislature that the state would receive a \$56,347,000 federal grant under the provisions of the Public Works Employment Act of 1977, (Title I, Round II). At that time the director indicated that upon receipt of federal approval of each capital outlay project he would notify the Legislature in accordance with Section 28. Subsequently, between September 14, 1977 and October 17, 1977 the director submitted 84 Section 28 letters. A summary of the programs submitted for federal approval and the approved program is provided in Table 3.

TABLE 3
Public Works Employment Act
State Projects Title I, Round II
Project Status

	<i>Number of Projects Submitted</i>	<i>Dollar Amount as Submitted</i>	<i>Projects Approved</i>	
			<i>Number</i>	<i>Amount</i>
Parks and Recreation	8	\$4,671,941	8	\$4,370,648
Forestry	1	50,000	0	—
Water Resources	2	200,000	2	200,000
Office of Appropriate Technology	1	425,000	1	425,000
Corrections	10	2,039,379	10	2,255,250
Transportation	2	3,360,000	2	3,360,000
Health	11	3,035,087	11	3,191,266
General Services	3	5,128,877	3	5,124,652
Food and Agriculture	1	120,000	1	120,000
Youth Authority	15	5,712,300	16	5,738,300
Fish and Game	3	2,640,400	3	2,640,400
State Lands Commission	1	1,210,969	1	1,210,969
University of California	10	5,301,009	10	5,301,009
Hastings College of Law	1	4,250,000	1	4,250,000
California Maritime Academy	1	467,400	1	467,400
California Community Colleges:				
Feather River College	1	509,000	1	509,000
California State University and Colleges	14	4,106,650	14	4,120,618
Employment Development Department				
Office of Migrant Services	1	2,716,595	1	2,716,595
Counties ^a	<u>11</u>	<u>10,003,891</u>	<u>11</u>	<u>10,003,891</u>
TOTAL	97	\$56,346,998	97	\$56,004,998

^a Section 28 letters were not required or submitted. Therefore, there was no legislative review of these projects.

The federal government placed several major restrictions on the projects submitted under PWEA Round II. These restrictions were:

1. In general, only those projects submitted prior to December 24, 1976 (under PWEA, Title I, Round I) were eligible for submittal under the Round II program. In some cases (for example, drought related projects) this restriction was not applied.
2. Projects were to be ready for construction in 90 days.
3. Preference was given to projects that comply with energy conservation needs.

4. At least 10 percent of each project allocation was earmarked for minority contractors and/or suppliers.
5. All work was to be accomplished under contracts rather than utilizing state civil service personnel.

Because of these restrictions, and in particular number one and two above, the projects which could be submitted were limited. Projects sent to the federal agency for approval under PWEA Round I and II were approved at the state level by the Employment Development Department (EDD) and the Department of Finance. EDD reviewed each request for conformance to PWEA regulations. Projects approved by EDD were then reviewed by the Department of Finance, which developed the final list for submittal to the U. S. Department of Commerce. The Legislature was not advised of the projects submitted by the various departments for state approval and was advised, under Section 28, only after the state approved projects were submitted to the federal agency. Consequently, at no time during either Round I or Round II was the Legislature provided adequate or timely information on alternative or proposed projects that would have enabled it to conduct a meaningful review. In view of this situation, the Chairman of the Joint Legislative Budget Committee suggested in October 1977 that the existing process be modified and procedures implemented to assure that:

1. The Legislature is involved early in the process so that it may contribute to decisions on projects and priorities in a meaningful way.
2. Adequate planning is accomplished by the various departments to assure that (1) appropriate information is available to the administration and the Legislature, (2) projects can be approved and assigned priorities for future federal funding, and (3) projects can proceed to construction as required.

The chairman urged the director to incorporate the changes as soon as possible to assure that projects submitted for approval in the future would receive appropriate reviews. The chairman further advised the director that the Legislative Analyst was available to work with the Department of Finance regarding the changes. As of late January, the department had not responded to the proposed changes.

Budget Bill Appropriations. The Budget Bill contains planning and working drawing funds for projects at the University of California and the California State University and Colleges for which federal construction funding is anticipated. We believe the proposed funding mechanism is appropriate in that it gives the Legislature an opportunity to review capital improvement proposals that may be funded under federal programs, but will later require operating and maintenance support from state services. Unfortunately, a similar mechanism does not exist for other departments in state government. Consequently, in these areas the Legislature will not have an opportunity to adequately review proposed federally funded capital improvement programs.

Contingency plan for Emergency Public Works. Chapter 1030, Statutes of 1977, (SB 760) requires the State Public Works Board to develop a contingency plan for emergency public works. The plan is to be included in the Governor's annual economic report which is due in April. When this

SUMMARY—Continued

plan is established it should improve the existing procedures. However, the changes identified above must be incorporated to assure proper planning and appropriate legislative review.

Status of Approved Program. We have recently received updated information on projects funded (under PWEA by the Federal Government), from the various departments. Because of the large number of projects involved and because many departments have not yet commenced all approved projects, we have not been able to include a complete summary of the current status of the public works program in this analysis. All information should be available prior to budget hearings. It appears, however, that several projects will not be completed as originally proposed and others will not be undertaken resulting in the federal funds no longer being available to the state. For example:

1. The Department of Parks and Recreation will not undertake a livestock barn renovation at Cal Expo because insufficient planning resulted in a request for funding that was inadequate. Thus, the \$1,650,390 grant apparently will revert to the federal government.
2. The Department of Fish and Game project for a region two headquarter building is to be constructed with a large portion of the facility unfinished because insufficient planning resulted in a request for inadequate funds. The source or amount of funds necessary to complete the facility have not been identified.
3. Several projects in the California State University and College system have been undertaken only after deleting portions of the work because of insufficient funds. The Chancellor's Office has indicated that state funds will be requested to complete the projects.
4. The Department of Health has indicated that additional state funding will be requested to pay for the departments' administration of the federal grants.
5. The Office of State Architect indicates that an additional \$65,100 will be required to complete a civic center project in Los Angeles (federal fund approval was for \$76,500). The source of future funds has not been identified.
6. Many departments deleted portions of projects in order to stay within the grant fund amount. The need for future funding to complete the projects is unclear at this time.

It is apparent that the Title I program as undertaken by the administration was inadequately planned, resulted in the loss of federal funds, and may have committed the state to future capital improvement expenditures. If the state is to take full advantage of any future federal public works program proper planning and cooperation with the Legislature must occur. This would require at a minimum that the Legislature and administration review proposed projects before they are submitted to a federal agency, that development of appropriate planning and cost estimates be undertaken and an approved priority project list be established. Thus, when federal funding becomes available, the state will be able to use the money effectively.

JUDICIAL

Item 431 from the General
Fund

Budget p. 11

Requested 1978-79	\$14,000
Recommended approval	14,000

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay—Sacramento**

We recommend approval.

The budget requests \$14,000 to remodel existing space in the Judicial Council's Sacramento office in the Library and Courts Building. The office layout is currently inefficient and crowded. The alterations would provide needed office space and work area remodeling. The requested work and associated costs appear reasonable.

OFFICE OF PLANNING AND RESEARCH

Item 432 from the General
Fund

Budget p. 30

Requested 1978-79	\$199,900
Recommended reduction	199,900

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1. *Solar Heating System—Chino. Reduce by \$199,900. Rec-* 1109
ommend deletion of request.

ANALYSIS AND RECOMMENDATIONS

We recommend the request for a solar hot water heating system at Chino be deleted for a reduction of \$199,900.

The budget requests \$199,900 to install a solar hot water heating system at the Chino Correctional Facility milk farm.

The milk farm, operated by Correctional Industries, sells milk at the fair market price to several state agencies. Hot water is used at the farm to wash dairy animals and equipment. Funds to construct an improved facility were appropriated in the Budget Act of 1976, Item 393(f).

We have not received adequate information to support this proposal. The construction estimate does not contain sufficient detail and drawings of the proposed work have not been submitted. In addition, the effect of this proposal on the design and cost of the new milk farm has not been addressed and we recommend deletion.

DEPARTMENT OF JUSTICE

Item 433 from the General
Fund

Budget p. 60

Requested 1978-79	\$536,879
Recommended approval	2,793
Recommended reduction	478,086
Recommendation pending	56,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Uninterruptable Power System. Reduce by \$256,054.* Recommend deletion of request. 1110
2. *New Law Enforcement Building—Interior Planning and Design. Reduce by \$142,000.* Recommend deletion of request. 1110
3. *Minor Capital Outlay. Reduce by \$80,032.* Recommend deletion of projects. 1110
4. *Minor Capital Outlay. Withhold recommendation on requests for \$56,000 pending receipt of additional information.* 1111

ANALYSIS AND RECOMMENDATIONS

Funds Available

We recommend Items 433 (a) (\$256,054) and 433(b) (\$142,000) be deleted.

We further recommend Item 433(c) be reduced \$80,032 by deleting two minor projects at the new Division of Law Enforcement Building.

The budget requests \$398,054 for major capital outlay and \$80,032 for minor capital outlay at the computer center of the new Division of Law Enforcement (DLE) Building. Table 1 summarizes the requests:

Table 1
Department of Justice
1978-79 Capital Outlay
New Division of Law Enforcement Building

Budget Bill Item	Project	Budget Request
	MAJOR CAPITAL OUTLAY	
433(a)	Uninterruptable power system	\$256,054
433(b)	Interior planning and design	142,000
	MINOR CAPITAL OUTLAY	
433(c)	Closed circuit TV's	24,000
433(c)	Movable partitions	56,032

An uninterruptable power system (UPS) consists of batteries and sensors that guarantee smooth and uninterrupted power to critical electrical loads. The budget proposal would provide additional UPS capacity needed for the increased computer facilities at the new DLE Building.

The request for interim planning and design would provide funds for the design of office layouts. This function is normally provided by the Space Management Division (SMD) of the Department of General Services. The Office of the State Architect, with the agreement of SMD, is requesting to have this work done by a consultant.

The two minor projects would provide a security television system and movable accoustical partitions.

The funds requested for these items of equipment and design are not required. Funds (\$4,679,000) for construction of the computer facilities at the new DLE Building were provided in the Budget Act of 1977. The appropriation was to provide a complete and usable facility and additional funds for the items in Table 1 should not be required. Consequently, the three requested projects should be deleted for a total reduction of \$478,086.

Minor Capital Outlay

We withhold recommendation on \$56,000 from Item 433(c) pending receipt of additional information.

We withhold recommendation on \$56,000 requested for alterations at the San Francisco State Office Building and the Division of Administration in Sacramento. We agree with the need for the proposed work, but we have not received adequate information to determine the appropriate level of funding.

STATE CONTROLLER

Item 434 from the General

Fund	Budget p. 74
Requested 1978-79	\$115,500
Recommended approval	None
Recommended reduction	20,500
Recommendation pending	95,000

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1. Minor Capital Outlay—Los Angeles. Withhold recommendation pending receipt of additional information. 1111
2. *Minor Capital Outlay—Reduce by \$20,500.* Recommend deletion of unspecified projects. 1112

ANALYSIS AND RECOMMENDATIONS

Minor Capital Outlay—Los Angeles

We withhold recommendation on minor capital outlay projects in Los Angeles pending receipt of additional information.

The budget proposes \$95,000 to remodel the inheritance and gift tax division in the State Office Building, Los Angeles. A new reception area and semiprivate booths for interviews are proposed. Although alterations

STATE CONTROLLER—Continued

are needed, we must withhold recommendation pending receipt and review of schematic plans and detailed cost estimates.

Minor Capital Outlay—Other Projects

We recommend deletion of minor capital outlay funds for unspecified projects, a reduction of \$20,500.

The budget proposes \$20,500 for unspecified minor projects. Minor capital outlay projects are not of an emergency nature and a contingency fund for unidentified needs is not justified.

STATE BOARD OF EQUALIZATION

Item 435 from the General

Fund

Budget p. 96

Requested 1978-79	\$276,823
Recommended approval	140,280
Recommended reduction	136,543

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1. *Sacramento—Minor Capital Outlay. Reduce by \$119,393.* 1112
Recommend deletion of two projects (\$113,550), and reduction of construction estimate on a third (\$5,843).
2. *Statewide—Minor Capital Outlay. Reduce by \$17,150.* 1113
Recommend deletion of two projects (\$15,010), and reduction of construction estimates on two others (\$2,140).

ANALYSIS AND RECOMMENDATIONS**Sacramento Headquarters—Minor Capital Outlay**

We recommend this request be reduced by \$119,393.

The State Board of Equalization proposes four minor capital outlay projects (\$166,343) at its Headquarters Building in Sacramento.

Two of the projects (\$113,550) would modify office space on the first and second floors from conventional plan to open-landscape configuration. Approximately 25 percent of the estimated cost is for correction of fire and life safety code deficiencies. While we recognize the need for correction of fire and life safety code deficiencies in state office buildings, we believe the deficiencies of an entire building should be identified and corrected on a predetermined schedule. One reason many buildings do not meet code is because prior alterations have been undertaken in a piecemeal manner. Providing corrective work in the same piecemeal manner, without identifying overall building deficiencies, may result in the need to re-alter recently completed work. In addition, if overall building deficiencies are not identified (e.g., ingress/egress), piecemeal corrective action may not provide the desired fire and life safety improvements.

A statewide program to correct deficiencies in order of seriousness has

been undertaken. The Supplemental Report of the Committee on Conference on the Budget Bill (1977-78 fiscal year) required that the Department of Finance retain a consultant to evaluate the state's fire risk. The consultant is to survey representative state office buildings for fire risks. Using the results of the survey, he is to develop a checklist for identifying and ranking risks in *all* state office buildings and provide a report no later than March 1, 1978. The checklist will then be used to identify fire risks in all state office buildings in order of their potential seriousness. On this basis capital outlay projects will be requested in priority order. Until this task has been completed we believe that piecemeal projects for the correction of fire and life safety code deficiencies should be deferred. Therefore, we recommend that the projects for the first and second floors be deleted for a *reduction of \$113,550*.

The third project would upgrade the existing open-landscape office configuration in the third floor, east wing. The proposal includes carpeting, acoustical panels, and other improvements to reduce noise levels. We agree with the need for this work, but the construction estimate includes an unreasonable 15 percent markup for inflation and we recommend its deletion for a *savings of \$5,843*. The remainder of the estimate is reasonable.

The fourth project is to upgrade the acoustical conditions in the basement duplicating unit. The cost estimate of \$8,000 appears reasonable and we recommend approval.

Statewide—Minor Capital Outlay

We recommend this request be reduced by \$17,150.

The board proposes six minor capital outlay projects (\$110,480) at field offices in Fresno, Redding, Sacramento, San Diego, and San Mateo.

Two of the projects are in the Fresno office (Business Taxes and Property Taxes units). The construction estimate of \$8,800 for the work in the Business Taxes unit is reasonable, and we recommend approval. However, the estimate for the Property Tax unit includes a 15 percent markup for inflation. Based on current cost data this factor cannot be substantiated and *we recommend the estimate be reduced by \$640*.

The board proposes to spend \$13,570 in its Sacramento field office to expand into additional leased space being vacated by the Employment Development Department. In our opinion, it is imprudent for the state to invest in capital improvements on non-state, leased property and *recommend the project be deleted, a reduction of \$13,570*.

The fourth project is for alteration to the board's San Mateo field office. We have been informed that this project is no longer in the capital outlay program for this fiscal year and *recommend its deletion (\$1,440)*.

The last two projects are for alterations to the Redding and San Diego field offices. The estimate for the Redding work also includes a 15 percent markup for inflation and *we recommend this amount be reduced by \$1,500 by deleting the markup*.

The construction estimate for the work in San Diego seems reasonable, and we recommend approval.

MUSEUM OF SCIENCE AND INDUSTRYItem 436 from the General
Fund

Budget p. 113

Requested 1978-79	\$153,000
Recommended approval	63,000
Recommended reduction	90,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
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1. *Minor Capital Outlay.* Reduce by \$90,000. Recommend deletion of one project. 1114

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We recommend that Item 436 be reduced by \$90,000 by deleting the sidewalk replacement project.

The Museum of Science and Industry proposes four minor projects totaling \$153,000. We recommend approval of three projects (\$63,000) for (1) classroom rehabilitation, (2) street lighting, and (3) conference room refurbishing.

The fourth project (\$90,000) is for the replacement of 90,000 square feet of existing asphalt walkways with concrete sidewalks. This is based on the museum staff estimate that removal and replacement work can be done for \$1 per square foot of walkway. We recommend this project be deleted. The cost for the work is underestimated. Funds for design, preparation of contract documents and contract administration are not included. Furthermore, information made available to this office from the Los Angeles area indicates the actual cost for work of this kind to be \$1.65 to \$1.75 per square foot. We recommend that the museum develop a detailed plan and estimate for this work, including adequate justification for the project. Also, because the property adjoining the museum is under different ownerships, the plan should propose to replace only those walks clearly owned by the state.

DEPARTMENT OF CONSUMER AFFAIRS

Item 437 from the Consumer
Affairs Fund

Budget p. 173

Requested 1978-79	\$150,000
Recommended approval	50,000
Recommended reduction	100,000

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1. *Minor Capital Outlay. Reduce by \$100,000.* Recommend 1115
deletion of unspecified projects.

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of unspecified projects in the amount of \$100,000.

The Department of Consumer Affairs is requesting \$150,000 for minor capital outlay projects at its building on N Street in Sacramento.

One project (\$50,000) is for a paraplegic access ramp to the front door of the building. We have reviewed the project and recommend approval.

The remaining \$100,000 is for unspecified projects on the 3rd, 4th, 5th and basement levels of the building. 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.

FRANCHISE TAX BOARD

Item 438 from the General
Fund

Budget p. 186

Requested 1978-79	\$396,000
Recommended approval	375,257
Recommended reduction	20,743

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Minor Capital Outlay. Reduce by \$20,743.* Recommend 1116
reduction of construction estimates.

ANALYSIS AND RECOMMENDATIONS**Halon Fire Suppression System**

We recommend approval.

The budget proposes \$210,000 under Item 438(a), for the installation of a Halon fire suppression system at the Franchise Tax Board's computer facility. (Halon is the trade name for a nontoxic, fire-suppressing gas.) The proposal would replace the existing water sprinkler and carbon dioxide system which is inadequate and unsafe. Section 4845.22(f) of the State

FRANCHISE TAX BOARD—Continued

Administrative Manual (SAM) requires automatic fire suppression, preferably Halon or equivalent, for all major computer facilities. The proposed installation would meet the requirements of SAM. We have reviewed this project and recommend approval.

Minor Capital Outlay

We recommend that Item 438 (b) for minor capital outlay construction be reduced \$20,743.

The budget proposes three minor capital outlay projects for the Franchise Tax Board. Table 1 summarizes the requests and our recommendations.

Table 1
Minor Capital Outlay
Franchise Tax Board

<i>Project</i>	<i>Construction Estimate</i>	<i>Budget Request (Total Project cost)</i>	<i>Legislative Analyst's Recommendation</i>	<i>Recommended Reduction</i>
San Francisco District Office— Alterations	\$55,600	\$80,000	\$66,720	\$13,280 ^a
Santa Ana District Office—Al- terations	18,781	30,000	22,537	7,463 ^b
Central Office—Elevator Con- version.....	64,000	76,000	76,000	0
				<u>\$20,743</u>

^a Includes \$8,896 contractor overhead and profit plus \$4,384 architect fees.

^b Includes \$4,695 contractor overhead and profit plus \$2,768 architect fees.

The San Francisco and Santa Ana alteration proposals would improve public waiting areas and acoustical conditions. The work is required to meet the increased needs of the Income Tax and Senior Citizen's Property Tax Relief programs. Although we agree with the need for this work, the amounts requested for the alteration projects are excessive. The budget requests summarized in Table 1 include markups for contractor overhead and profit and Office of State Architect (OSA) fees. These markups have been included twice. The unit prices for wall demolition and construction, hardware, and electrical and mechanical work used in the construction estimates adequately provide for these costs. We, therefore, recommend reductions of \$8,896 and \$4,695 for the San Francisco and Santa Ana projects, respectively. Furthermore, OSA's fees for alteration projects should not exceed 20 percent of estimated construction costs. Consequently, we recommend these fees be reduced from an average 25.5 percent to 20 percent, a reduction of \$4,384 and \$2,768, respectively.

The elevator conversions are required for handicapped access. The only elevators in the board's central office are two freight elevators. Handicapped persons cannot use the elevators without assistance. The proposal would convert the two elevators to passenger elevators and provide assistance-free access to handicapped persons. We have reviewed the project and recommend approval.

DEPARTMENT OF GENERAL SERVICES

Item 439 from the General
Fund

Budget p. 202

Requested 1978-79	\$45,415,900
Recommended approval	None
Recommended reduction	26,907,000
Recommendation pending	18,508,900

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Reserve for Capital Outlay—1977. Recommend funding for approved projects be appropriated from 1977 reserve for Capital Outlay. 1117
2. *Sacramento Office Building—Site Two. Reduce by \$1,808,000.* Recommend deletion of request. 1118
3. *San Jose Office Building. Reduce by \$10,813,000.* Recommend deletion of request. 1118
4. Department of Justice Building, Sacramento. Withhold recommendation pending review of preliminary plans. 1118
5. *Long Beach Office Building. Reduce by \$14,286,000.* Recommend deletion of request. 1119
6. Sacramento Office Building—Site Three. Withhold recommendation pending review of preliminary plans. 1120

ANALYSIS AND RECOMMENDATIONS

Reserve for Capital Outlay—Budget Act of 1977

We recommend that all appropriations for approved projects from Item 439 be made from the reserve for construction of state office buildings which was provided in the Budget Act of 1977, under Item 389.5.

Item 439 of the Budget Bill requests \$45,415,900 for construction of state office buildings. Table 1 summarizes the request.

Table 1
Department of General Services
New State Office Buildings
Budget Item 439

Office Location	Budget Request
Sacramento—Site 2.....	\$1,808,000 ^{apw}
San Jose	10,813,000 ^c
Sacramento—New Justice Building Phase II	17,773,900 ^c
Long Beach.....	14,286,000 ^c
Sacramento—Site 3.....	735,000 ^w
Total	\$45,415,900

Symbols Denotes: ^a—site acquisition
^p—preliminary plans
^w—working drawings
^c—construction

The funds for approved requests from Table 1 should be appropriated

DEPARTMENT OF GENERAL SERVICES—Continued

from the reserve established in the Budget Act of 1977, Item 389.5. That reserve, totaling \$74,775,800 was established for the specific purpose of constructing state office buildings when reappropriated by the Legislature in the Budget Acts of 1978-79 and 1979-80.

The Department of General Services is requesting that \$37,242,800 of the unexpended 1977 reserve be reverted to the unappropriated surplus of the General Fund (Budget Bill of 1978, Section 11.05). This reversion should not be approved. The requests under Item 439 are clearly eligible for appropriation from the 1977 reserve. The reversion is unnecessary and misrepresents the costs associated with the department's proposed capital outlay program.

New State Office Building—Sacramento: Site Two

We recommend Item 439(a) be deleted for a savings of \$1,808,000.

The budget requests \$1,808,000 for site acquisition, planning and working drawing funds for a new state office building in Sacramento (Site Two). Site Two is a general description for an unidentified office site in downtown Sacramento, north of L Street. The available information is limited and does not justify the request.

In any case, we recommend that the state attempt to purchase *existing* buildings to meet its space needs north of "L" Street before acquiring property for new construction.

The department is requesting funds to purchase an existing building north of "L" Street (Site 6) under item 440(e) of the Budget Bill. We support this approach. Purchase of (or trade for) new building sites north of "L" Street (as proposed in item 439(a)) should not occur unless existing buildings are not available or rehabilitation is impractical. We, therefore, recommend deletion of this request.

New State Building—San Jose

We recommend Item 439(b) be deleted, a reduction of \$10,813,000.

The budget requests \$10,813,000 to construct a new state office building in San Jose. Working drawing funds for this building were appropriated in the Budget Act of 1977 under Item 389(o).

The department is currently negotiating with the city and county for a site. A site has not been acquired and preliminary plans have not been started. The department, therefore, cannot substantiate the requested amount and, because of the status of the project, construction cannot begin during the 1978-79 fiscal year. Funds for construction would remain in the reserve for reappropriation by the Legislature. Therefore, we recommend deletion of this request, a reduction of \$10,813,000.

Department of Justice Building—Sacramento

We withhold recommendation pending receipt of preliminary plans.

The budget proposes \$17,773,900 to construct phase two of the new Department of Justice Building in Sacramento. Construction funds for the computer center (\$4,679,000) were appropriated in the Budget Act of 1977.

The construction estimate for this building has increased approximately

21 percent since the department's budget request in 1977. Table 2 summarizes the current cost estimate.

Table 2
New Department of Justice Building
Current Construction Cost Estimate

<i>Budget Bill—Item</i>	<i>Amount</i>	<i>Description</i>
1978—439(c)	\$17,773,800	Phase II construction
1978—433(a)	256,054	Power system
1978—433(b)	142,000	Interior design
1978—433(c)	80,032	Partitions and televisions
1978—42	145,975	Miscellaneous
1977—389(d)	4,679,000	Phase I construction
Total	\$23,076,861	
1977-78 Budget Request	\$19,047,000	
Cost Increase	\$4,029,861 (21.2 Percent)	

The items listed in Table 2 should be included within the architect's fee and/or the construction amount. The items are necessary for the functional operation of the building and were included in the approved building program. Consequently, we have recommended deletion of most of the related amounts in Items 42 and 433(a), (b) and (c).

During hearings on the 1977-78 Budget Bill we expressed concern over building efficiency, energy systems, estimated costs, etc. At that time, the Office of State Architect (OSA) assured the Legislature that the facility could be designed and constructed within the budget estimate. There have been no approved modifications to the scope of the project and the significant increase in estimated cost is unreasonable.

We have reviewed schematic drawings which reveal that many unconventional proposals are included and the efficiency of the building (occupiable space versus total space) has decreased. It appears from these early drawings that the architect has been allowed to design the facilities without regard to the costs estimated in the budget. In view of the fact that no approved changes have been made to the program we believe the OSA should require the architect to design the facilities within the original amount allowing for inflation. It is our understanding that the OSA has directed the architects to revise the schematic plans. Consequently, we withhold recommendation pending receipt of the modified plans.

New State Office Building—Long Beach

We recommend Item 439(d) be deleted for a reduction of \$14,286,000.

The budget requests \$14,286,000 for construction of a new state office building in Long Beach. Funds for working drawings were appropriated in the Budget Act of 1977 under Item 389(l). Preliminary plans and working drawings, however, have not been started because a site had not been acquired prior to February 1978. Consequently, the department cannot substantiate the requested amount and will not be able to begin construction in the 1978-79 fiscal year. Funds for construction would remain in the reserve for reappropriation by the Legislature. Therefore we recommend deletion of this request for a reduction of \$14,286,000.

DEPARTMENT OF GENERAL SERVICES—Continued**New State Office Building—Sacramento—Site Three**

We withhold recommendation on Item 439(e) pending receipt of preliminary plans.

The budget proposes \$735,000 for working drawings for an office building to be located on N Street between 7th and 8th Streets, Sacramento (Site 3). Funds for preliminary plans were appropriated in the Budget Act of 1977, under Item 389(c). We withhold recommendation until we have reviewed the preliminary plans which should be available prior to budget hearings. The conceptual design of the building deviates significantly from normal building design and review of the preliminary plans is essential before we can make a recommendation on the proposal and the request for working drawing funding.

DEPARTMENT OF GENERAL SERVICES

Item 440 from the General

Fund

Budget p. 202

Requested 1978-79	\$22,599,720
Recommended approval	1,856,124
Recommended reduction	9,109,956
Recommendation pending	11,633,640

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. New Office Building—San Francisco. Withhold recommendation pending receipt of additional information. 1121
2. *New Office Building—Los Angeles. Reduce by \$600,000.* 1121
Recommend deletion of request.
3. *New Office Building—Van Nuys. Reduce by \$147,520.* 1121
Recommend reduction in planning funds.
4. New Office Building—Sacramento, Site 1C. Withhold recommendation pending receipt of additional information. 1122
5. New Office Building—Sacramento, Site 6. Withhold recommendation pending receipt of additional information. 1122
6. Communications Raceways—Sacramento. Withhold recommendation pending receipt of additional information. 1122
7. *Fire and life safety—Statewide. Reduce by \$5,433,936.* 1123
Recommend funding only preliminary plans and working drawings.
8. *Alterations—San Francisco. Reduce by \$1,990,800.* Rec- 1123
ommend funding only working drawings.
9. *Alterations—OB-1, Sacramento. Reduce by \$50,000.* Rec- 1124
ommend deletion of request.
10. *Parking and Mall Development. Reduce by \$306,000.* Rec- 1124
ommend deletion of two projects.

11. Parking and Mall Development. Withhold recommendation on \$694,000 pending receipt of additional information. 1124
12. Alterations—Resources Building. Withhold recommendation pending receipt of preliminary plans. 1125
13. *Community Resource Center. Reduce by \$531,700.* Recommend deletion of request. 1125
14. Minor Capital Outlay. Withhold recommendation on \$64,150 pending receipt of additional information. 1126

ANALYSIS AND RECOMMENDATIONS

New Office Building—San Francisco

We withhold recommendation on Item 440(a) pending receipt of additional information.

The budget proposes \$2,906,300 for site acquisition and planning for a new state office building in San Francisco. The building would provide 272,000 square feet of floor space and parking for 320 cars. The long-range plan for state facilities in San Francisco indicates a clear need for this type of building and we support the proposal. However, the department has changed the building location since our initial review of this project. We withhold recommendation until we have received adequate information regarding the site, proposed building, and parking facilities.

New State Office Building—Los Angeles

We recommend Item 440(b) be deleted for a reduction of \$600,000.

The budget proposes \$600,000 for planning a new state office building in Los Angeles.

The Legislature appropriated \$1,500,000 in the Budget Act of 1974, Item 375.1(a) for (1) demolition of the old state office building at 217 W. First Street in Los Angeles and (2) preliminary plans and working drawings for a replacement building on the same site. The demolition work which required \$600,000 is complete. However the un-dispersed balance of \$900,000 was reappropriated in the Budget Act of 1977. Therefore, these funds are still available for preliminary plans and working drawings. The budget request is not required and we recommend deletion.

State Office Building—Van Nuys

We recommend Item 440(c) be reduced \$160,130 by reducing the planning funds.

The budget requests \$414,500 for preliminary plans for a new state office building in Van Nuys. The request is based on a total building cost of \$12,713,500 (\$70.00 per square foot). This cost is excessive. The building design includes many expensive features, including courtyards, atriums, and multi-level construction. We recommend a more reasonable building budget design cost estimate of \$50.00 to \$55.00 per square foot. This would reduce the total cost of the project to \$9,535,125. Planning funds (which are based on estimated construction cost) for a project of this magnitude should not exceed \$266,980. Consequently, we recommend a reduction of \$147,520.

In addition, parking was included in previous proposals but there are no provisions for employee parking in the proposed structure. The depart-

DEPARTMENT OF GENERAL SERVICES—Continued

ment should clarify this issue prior to budget hearings.

State Office Building—Sacramento—Site 1C

We withhold recommendation on Item 440(d) pending receipt of additional information.

The budget proposes \$4,432,900 for design and construction of a new state office building on the southeast corner of Tenth and "O" Streets, Sacramento (Site 1C). The structure would be a four-story office building with the first floor reserved for a commercial bank. Convenient banking for state employees is one of the goals of the Capitol Area plan. The plan for bank space in this building is consistent with that goal.

The Bank of America currently occupies a building across Tenth Street from Site 1C. The bank will be displaced with the construction of another building (Site 1B) before the Site 1C project is completed. We withhold recommendation on Item 440(d) until the department supplies information on (1) availability of employee banking during construction at Sites 1B and 1C, (2) relocation expenses associated with the Bank of America displacement, (3) construction costs associated with the bank space and (4) proposed lease agreements.

State Office Building—Sacramento—Site 6

We withhold recommendation on Item 440(e) pending receipt of additional information.

The budget requests \$2,700,000 for site acquisition and preliminary plans for a state office building in downtown Sacramento and north of "L" Street. Purchase of an existing business or commercial building, and its conversion to office space is proposed. We concur with this effort and we believe existing buildings should be thoroughly evaluated before constructing new space north of "L" Street. However, we withhold recommendation until adequate information is available which defines (1) the building(s) to be purchased, (2) the agencies/departments proposed for occupancy, (3) the types of office space to be provided, and (4) estimated alteration costs.

Communications Raceways—Sacramento

We withhold recommendation on Item 440(f) pending receipt of additional information.

The budget proposes \$409,000 for design and construction of new communications raceways in the Capitol Area. The raceways would provide additional telephone and communication capacity for existing and proposed state office buildings. Many of the raceways will be used by Pacific Telephone Company. We withhold recommendation on Item 404(f) until the department provides a clear definition of Pacific Telephone's proportionate share in the costs.

Electrical Modifications

We recommend approval.

Items 440(g) and (h) of the Budget Bill request construction funds for electrical modifications at (1) the State Capitol (\$255,000) and (2) Office

Building 1, and the Library and Courts Building (\$364,200).

The modifications are required to provide ground fault protection and short circuit interruption for the three buildings. The buildings will comply with current electrical code requirements upon completion of this work. The projects and associated costs are reasonable, and we recommend approval.

Fire and Life Safety Statewide

We recommend Item 440(i) be reduced \$5,483,936, by providing planning and working drawing funds only.

The budget contains \$5,960,800 for design and construction of fire and life safety modifications in state office buildings in Sacramento, San Bernardino, San Diego, Los Angeles, San Francisco, Oakland, Fresno, and Stockton. The buildings are required by law to meet code requirements governing high-rise structures. The project will correct all fire and life safety code deficiencies which have been identified by the State Fire Marshal.

We support this program. However, only planning and working drawing funds should be provided in the budget year. Extensive planning and design will be required before construction can start and it is doubtful if construction funds could be encumbered in the budget year. Furthermore, because of the uncertainty of alteration projects of this type, design should be substantially complete so that construction funding can be based on accurate estimates. We, therefore, recommend an appropriation of \$476,864 for planning and working drawings, a reduction of \$5,483,936.

Alterations—San Francisco

We recommend Item 440(j) be reduced \$1,990,800 by funding only working drawings.

The budget proposes \$2,100,000 for preliminary plans, working drawings and construction of alterations to the state office building at 350 McAllister Street, San Francisco. Beginning in January 1979, the Department of Industrial Relations will start vacating (in phases) 100,000 square feet of this building. The alterations are required to meet the functional needs of the new tenants who will occupy that space.

We recommend funding only working drawings for this project. Preliminary plan and construction funds should be deleted.

Preliminary plans for these alterations will be prepared by the Space Management Division (SMD) of the department. SMD historically charges the tenant for this work. Therefore, capital outlay funds for preliminary plans are not required, and we recommend a reduction of \$58,800.

Construction funds cannot be expended and are therefore not required during the budget year because of the time required for (1) the moves of the tenants, and (2) the preparation of working drawings. Furthermore, the construction estimate is based on inadequate information. Thus, we recommend construction funds be deleted, a reduction of \$1,932,000. The department should request construction funding for the 1979-80 fiscal year when information is developed to prepare an accurate construction estimate.

DEPARTMENT OF GENERAL SERVICES—Continued

Alterations—Office Building One—Sacramento

We recommend Item 440(k) be deleted, a reduction of \$50,000.

The budget proposes \$50,000 for planning alterations to Office Building 1 (OB 1), Sacramento. The Department of General Services will vacate OB 1 upon completion of the new building at Site One. The current plan provides that the Secretary of State and the Office of the Auditor General will occupy the vacated OB 1 space. The budget requests funds for preliminary plans for the alterations required to meet the functional needs of the new tenants.

The alterations will be planned by the Space Management Division (SMD) of the department. SMD should be reimbursed for this planning by the new tenants. Therefore, a budget appropriation for preliminary plans is not required, and we recommend deletion.

In addition, we believe the department should reevaluate the future use of OB 1. The building presently houses the State Treasurer and with the Secretary of State as a future tenant, the department should consider using this building solely for constitutional offices.

Parking and Mall Development—Sacramento

We recommend Item 440(l) be reduced \$306,000 by deleting two projects. We withhold recommendation on \$694,000 pending receipt of additional information.

The budget proposes \$1,000,000 for mall and parking development in the City of Sacramento. Table 1 summarizes the request.

Table 1
Budget Bill Item 440(l)

<i>Project</i>	<i>Amount Requested</i>
"O" Street Mall (9th St. to 11th St.)	\$271,400
Capitol Area Plan Sign System	34,500
Under Freeway Parking	594,000
Energy Study	100,000
Unidentified	100
Total	\$1,000,000

"O" Street Mall. We recommend deletion of funds for the "O" Street Mall (\$271,400). We have not received adequate information indicating the department has (1) the approval of the City of Sacramento for abandonment of "O" Street, or (2) prepared an environmental analysis for this project. Furthermore, we believe construction of the open mall at this time is inadvisable. The mall will be adjacent to construction sites for two buildings (Sites 1-B and 1-C) and will be subject to the noise, dust, and disruption associated with large building construction.

Signing. We recommend deletion of the request for Capitol Area Plan signing. The request proposes development of a prototype system of signs to better identify state office buildings. This request is poorly documented and is of questionable value. We, therefore, recommend deletion for a savings of \$34,500.

Parking. We withhold recommendation on the proposal to construct

additional under-freeway parking for state employees (\$594,000). We recognize the need for additional employee parking. However, several solutions to the parking problem are being considered, including under-freeway parking, and suburban satellite parking centers. Furthermore, we have inadequate information to justify the requested level of funding. We, therefore, withhold recommendation pending receipt of (1) a more detailed cost estimate and (2) a report on the relationship of this request to the long-term parking studies being prepared.

Energy Study. We withhold recommendation on the proposed energy study (\$100,000). The budget requests \$100,000 to study various alternative solutions to the heating and cooling needs of proposed state office buildings on 16th Street in Sacramento. We have inadequate information to determine (1) the relationship of this study to the remainder of the Capitol Area Plan construction program, and (2) the appropriate level of funding.

Alterations—Resources Building

We withhold recommendation on Item 440(m) pending receipt of preliminary plans.

The budget proposes \$427,290 for alterations to the Resources Building in Sacramento. These alterations will provide space for the Public Employees Retirement System. We agree with the need for this project. However, we cannot determine the appropriate level of funding until we have received the preliminary plans and specifications. These plans should be available prior to budget hearings. We, therefore, withhold recommendation.

Demolition—San Francisco State Office Building

We recommend approval.

Budget Item 440(n) proposes \$150,000 to demolish a vacant state building at 515 Van Ness Avenue, San Francisco. The building is currently unoccupied and boarded up. The associated cost appears reasonable and we recommend approval.

Community Resource Center

We recommend Item 440(o) be deleted, for a reduction of \$531,700.

The budget requests \$531,700 to construct a community resource center in downtown Sacramento. The proposal is for a two-story brick structure with (1) greenhouses on the ground and second levels for growing food, (2) a rock bin for heating and cooling, (3) an aquaculture installation for additional food growth, (3) a dry composting toilet, and (4) a gray water recycling system. The proposal seeks to encourage the use of these technologies by demonstrating their feasibility in a neighborhood setting. The concepts identified with the proposal are broad and experimental in nature and no information has been provided that would indicate what results or benefits can be expected from the expenditure of these funds. Furthermore, the proposal meets little, if any, functional need for the state. We, therefore, recommend deletion of this request for a reduction of \$531,700.

DEPARTMENT OF GENERAL SERVICES—Continued

Minor Capital Outlay

We withhold recommendation on \$64,150 from Item 440(p) pending receipt of additional information.

The budget requests \$298,030 for minor capital outlay projects for the Department of General Services.

We withhold recommendation on the request for fire and life safety alterations to the east wing basement of the State Capitol building (\$64,150). The proposal includes (1) extension of automatic fire sprinklers in areas where existing sprinklers have been covered or removed by prior alterations, and (2) sealing utility penetrations through floors and ceilings. We do not have sufficient information regarding (1) the cause of the sprinkler system deficiencies, (2) the complete scope of work, and (3) the basis for the cost estimate, to recommend an appropriate level of funding, and, therefore, withhold recommendation.

The remaining projects (\$233,880) include structural repairs, installation of handicapped facilities, and upgrading air conditioning systems. The proposals and associated costs appear reasonable, and we recommend approval.

DEPARTMENT OF GENERAL SERVICES

Item 441 from the General

Fund

Budget p. 202

Requested 1978-79	\$84,654,400
Recommended approval	78,898,800
Recommended reduction	5,755,600

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Reserve for Capital Outlay. Reduce by \$5,755,600. Recommend reduction of cost estimates.* Rec- 1126
2. *Reserve for Capital Outlay. Recommend lump-sum appropriation without sub-items.* 1127

ANALYSIS AND RECOMMENDATIONS

Reserve for Capital Outlay

We recommend Item 441 be reduced \$5,755,600 by reducing the construction estimates of proposed buildings.

Further, we recommend a lump-sum appropriation without specific line item appropriations.

The budget requests an \$84,654,400 appropriation for construction of state office buildings. Expenditures from this appropriation would be made in the 1979-80 and 1980-81 fiscal years when reappropriated by the Legislature in the Budget Acts of those years. Table 1 summarizes the request.

Table 1
Department of General Services
Budget Item 441
Reserve for Construction of State Office Buildings

<i>Budget Bill Item</i>	<i>Office</i>	<i>Amount Requested</i>
441 (a)	San Francisco	\$36,111,000 ^{wc}
441 (b)	Los Angeles	28,200,000 ^{wc}
441 (c)	Van Nuys	12,304,000 ^{wc}
441 (d)	Sacramento-Site 6	6,503,400 ^{wc}
441 (e)	Sacramento-OB 1	1,536,000 ^{wc}
TOTAL		\$84,654,400

^w working drawings

^c construction

The Legislature approved a lump-sum appropriation of \$74,775,800 in the Budget Act of 1977 for construction of state office buildings. None of that reserve has been expended and the entire amount is available for reappropriation in the 1978-79 and 1979-80 fiscal years.

We agree with the need for an additional reserve in 1978, but the projected costs for the requested buildings are overstated. The conceptual designs of the buildings include many expensive and questionable features including (1) atriums, (2) pedestrian malls, and (3) multi-level construction. Furthermore, we believe the reserve should fund new office construction only, and the request for work at Office Building 1 should be deleted. Adjusting the estimates for all buildings proposed in Sacramento, Long Beach, San Francisco, Los Angeles, and Van Nuys, to what we consider to be more reasonable costs, a total reserve of \$153,674,600 is required. Subtracting the \$74,775,800 which is available in the 1977 budget from this amount leaves a deficit in the necessary reserve of \$78,898,800 (rather than the requested amount of \$84,654,000). Therefore, we recommend a reduction of \$5,755,600.

We further recommend that the reserve be appropriated as a lump-sum, similar to the appropriation made in 1977. Appropriation with sub-items limits the Legislature's flexibility in reappropriating funds.

DEPARTMENT OF GENERAL SERVICES

Item 442 from the General
Fund

Budget p. 202

Requested 1978-79	\$250,000
Recommended reduction	250,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
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1. *Planning—Gasifier-Central Plant. Reduce by \$250,000.* 1128
Recommend deletion of request.

ANALYSIS AND RECOMMENDATIONS

Gasifier Central Plant

We recommend deletion of Item 442 for a reduction of \$250,000.

The budget requests \$250,000 (Item 442) for preliminary plans and \$2,800,000 (Item 443) for construction of a gasifier at the central heating plant in Sacramento. The gasifier would produce low quality gas from woodchips, lignite and solid waste. The gas would be used in the central heating plant during periods of natural gas curtailments.

The budget requests are premature and lack sufficient supporting information. Consequently, we recommend deletion of these requests. We further recommend that the department perform a feasibility study before requesting capital outlay funds in the future.

The study should, at a minimum, answer the following questions.

1. What will be the impact of the gasifier on air quality?
2. What are the potential sources for fuel?
3. How dependable are the proposed fuel supplies?
4. What will be the daily impact of large delivery trucks (used for fuel shipping) on traffic and air quality?
5. How reliable will the fuel supplies be if shipped by trucks?

In the near future, the department will be conducting a series of tests with a demonstration gasifier. The department should incorporate the operational data from these tests in the feasibility report, and submit the entire proposal to the Legislature for review.

DEPARTMENT OF GENERAL SERVICES

Item 443 from the General
Fund

Budget p. 202

Requested 1978-79	\$2,280,000
Recommended reduction	2,280,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Gasifier—Central Plant. Reduce by \$2,280,000. Recommend deletion of request.* 1129

ANALYSIS AND RECOMMENDATIONS**Gasifier-Central Plant**

We recommend deletion of Item 443 for a reduction of \$2,280,000. Our analysis of this item is included under Item 442.

DEPARTMENT OF GENERAL SERVICES

Item 444 from the Public
Employees Retirement Fund

Budget p. 202

Requested 1978-79	\$(185,654)
Recommendation pending	(185,654)

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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page*

1. *Alterations—Resources Building. Withhold recommendation pending receipt of preliminary plans.* 1129

ANALYSIS AND RECOMMENDATIONS**Alterations—Resources Building**

We withhold recommendation on Item 444 pending receipt of preliminary plans.

The budget requests \$185,654 from the Public Employees Retirement Fund to partially fund construction of alterations to the Resources Building in Sacramento. We withhold recommendation on Item 444 until we have received and reviewed the preliminary plans for this work. A detailed discussion of this project is included in our analysis of Item 440(m), page 1125.

STATE PERSONNEL BOARD

Item 445 from the General
Fund

Budget p. 226

Requested 1978-79	\$37,750
Recommended approval	37,750

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We recommend approval.

The budget proposes five minor capital outlay projects for the State Personnel Board (SPB).

The five projects listed below involve alterations to existing SPB space and would alleviate crowding, improve privacy and increase handicapped access. The projects and associated costs are reasonable and we recommend approval.

- | | |
|---|----------|
| 1. Remodel cafeteria—Sacramento | \$17,500 |
| 2. Remodel third floor EDP space—Sacramento..... | 5,000 |
| 3. Provide hearing room—Los Angeles | 1,500 |
| 4. Provide access doors to projection rooms—Broderick,
Yolo County | 1,750 |
| 5. Handicap modifications to restrooms—Sacramento | 1,200 |

DEPARTMENT OF VETERANS AFFAIRS

Item 446 from the General
Fund

Budget p. 244

Requested 1978-79	\$298,800
Recommended approval	298,800

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We recommend approval.

Minor capital outlay for the Department of Veterans Affairs consists of five projects at the veteran's home in Yountville.

1. Expand the hospital nurse call system to provide call buttons in patient's toilet and bath areas as required by the California Administrative Code, (CAC) (\$37,000).
2. Remodel Ward 1B to meet the space standards of Section 73611, Division 5, Title 22, CAC (\$92,000). This work is required to insure the future availability of federal funds.
3. Construct outside fire stairs from third floor surgical suite to first floor as required by the State Fire Marshal and Department of Health. (\$75,000).
4. Remodel three elevators to correct operating and code deficiencies (\$86,000).
5. Install dust collectors in carpenter shop pursuant to CAC requirements (\$8,800).

DEPARTMENT OF TRANSPORTATION

Item 447 from the State Highway Account

Budget p. 296

Requested 1978-79 \$195,324,000

ANALYSIS AND RECOMMENDATIONS

See discussion under Department of Transportation (Items 148-156) page 222.

DEPARTMENT OF TRANSPORTATION

Item 448 from the California Environmental Protection Program Fund

Budget p. 296

Requested 1978-79 \$100,000

ANALYSIS AND RECOMMENDATIONS

See discussion under Department of Transportation (Items 148-156) page 222.

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL

Item 449 from the Motor Vehicle Account, State Transportation Fund

Budget p. 336

Requested 1978-79	\$2,373,890
Recommended approval	1,123,340
Recommended reduction	1,250,550
Recommended augmentation	281,000
Net recommended approval	1,404,340

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *New Office Building—San Juan Capistrano. Reduce by \$141,050. Recommend reduction in building size.* 1133
2. *New Office Building—San Andreas. Reduce by \$102,200. Recommend deletion of project.* 1133
3. *New Office Building—Lakeport. Reduce by \$102,200.* 1133

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL—Continued

- Recommend deletion of project.
4. *New Office Building—Arrowhead. Reduce by \$129,300.* 1133
Recommend deletion of project.
5. *New Office Building—Santa Barbara. Reduce by \$256,000.* 1133
Recommend deletion of project.
6. *New Office Building—Trinity River. Reduce by \$75,000.* 1133
Recommend deletion of project.
7. *New Office Building—Riverside. Reduce by \$14,000.* Rec- 1134
ommend reduction in building size.
8. *New Office Building—Santa Cruz. Augment by \$281,000.* 1134
Recommend addition of project.
9. *Minor capital outlay. Reduce by \$430,800.* Recommend de- 1134
letion of projects.

ANALYSIS AND RECOMMENDATIONS

Motor Vehicle Account

Support operations and capital outlay for the Department of the California Highway Patrol (CHP) are funded from the Motor Vehicle Account—State Transportation Fund. In our analysis of the 1976–77 and 1977–78 Governor's Budgets, we noted that revenues to the account had remained stable while expenditures increased, thereby jeopardizing the account's solvency in the future. Accordingly, we recommended that the CHP suspend its capital outlay program until the financial condition of the fund improved.

The Department of Finance now predicts a surplus of funds for the Motor Vehicle Account—State Transportation Fund for fiscal years 1978–79 and 1979–80. The condition of the fund in fiscal year 1980–81 is still of concern.

Unrealistic Staffing Projections

The budget proposes \$1,482,300 for site acquisition, planning, and construction of new office buildings for the Department of the California Highway Patrol (CHP). Table 1 summarizes the requests.

Table 1
Department of the California Highway Patrol
Capital Outlay, 1978–79

Bill Item	Office	Budget Request	Traffic Officer Building Size Requested ^d	Current Number of Traffic Officers	CHP Projected Increase
449(a)	San Juan Capistrano.....	497,600 ^c	75	54 ^b	21 (39%)
449(b)	San Andreas.....	102,200 ^{a,w}	25	13	12 (92%)
449(c)	Lakeport.....	102,200 ^{a,w}	25	16	9 (56%)
449(d)	Riverside.....	320,000 ^{a,w}	100	74	26 (35%)
449(e)	Arrowhead.....	129,300 ^{a,w}	25	18	7 (39%)
449(f)	Santa Barbara.....	256,000 ^{a,w}	50	35	15 (43%)
449(g)	Trinity River.....	75,000 ^{a,w}	25	11	14 (127%)
—	Santa Cruz.....	—	50	48	2 (4%)

^b Forecast at occupancy

^a Site acquisition

^w Working drawings

^c Construction

^d 1990 projections

While we agree with the need for construction of state-owned office buildings for the department, we believe the staffing projections used to justify the need and size of the buildings are inaccurate.

CHP bases the size of an office building on the number of traffic officers assigned to that office. Standard office designs for 25, 50, 75 and 100 traffic officers are used. The number of traffic officers assigned to an office in the future is estimated using population projections, miles of roadway traveled, and number of accidents. Because these variables are projected to rise over time, the department projects a constant increase in the number of traffic officers assigned and, therefore, is requesting additional office space.

We disagree with the department's projection. The number of CHP traffic officers has not increased in recent years, and we expect it to remain fairly stable.

San Juan Capistrano

We recommend Item 449 (a) be reduced \$141,050 by reducing the size of the building.

The budget includes \$497,600 for construction of a new CHP building in San Juan Capistrano. The request is for a 75 traffic officer building which could be expanded to a 100-traffic officer facility. The San Juan Capistrano office will be staffed with 54 traffic officers transferred from the existing Santa Ana office.

Funds for working drawings were appropriated in the Budget Act of 1973 (Item 343(i)). At that time, the department requested a 50-traffic officer building which could be expanded to 75-traffic officers if future staffing was necessary. In our opinion, there is no justification for increasing that request. Because the standard 50-man office can accommodate the marginal difference of four traffic officers, we cannot recommend more than a 50-man office.

The Office of the State Architect (OSA) prepared a cost estimate in 1973 for a 50-man office at San Juan Capistrano. After increasing that estimate for inflation, construction funding in the amount of \$356,550 for a 50-man office (designed to be expanded in the future) should be adequate. This represents a reduction of \$141,050.

New Office Buildings: San Andreas, Lakeport, Arrowhead, Santa Barbara, and Trinity River

We recommend Items 449(b), (c), (e), (f) and (g) be deleted for a reduction of \$664,700.

The budget proposes \$664,700 for site acquisition and working drawings for new office buildings to replace leased facilities in San Andreas, Lakeport, Arrowhead, Santa Barbara, and Trinity River.

Table 1 summarizes the budget requests and the current traffic officer staffing at the leased offices. Based on the data in Table 1, the building requests are not justified. In each case, the requested building size exceeds the number of assigned traffic officers. We do not expect a significant increase in the number of traffic officers assigned to these offices. We

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL—Continued

therefore, recommend deletion of these requests for a savings of \$664,700.

New Office Building—Riverside

We recommend Item 449 (d) be reduced by \$14,000 by reducing the size of the building.

The budget proposes \$237,000 for site acquisition and working drawings for a new 100 man office in Riverside. We agree with the need for a new facility but believe the size requested is overstated. The department predicts 79 traffic officers will be assigned to this office by 1980. We cannot foresee an increase beyond 79 traffic officers and a 75-man building should be adequate for the marginal difference of 4 traffic officers.

Based on a 75-man office and current cost data, we recommend separate appropriations totaling \$306,000 (\$275,000 for site acquisition and \$31,000 for working drawings) for a reduction of \$14,000.

New Office Building—Santa Cruz

We recommend the budget be augmented \$281,000 to provide site acquisition and working drawing funds for a new office building in Santa Cruz.

The department currently leases an inadequate building in the City of Santa Cruz. The lessor has discontinued all maintenance, and has indicated a desire to discontinue leasing after June 30, 1979. We therefore believe early construction of a CHP building in Santa Cruz is necessary. There are 48 traffic officers currently assigned to the Santa Cruz office. The department estimates a 50 traffic officer building will be adequate for its projected needs. We agree with this projection. We therefore recommend the budget be augmented \$281,000 to provide site acquisition (\$252,000) and working drawing funds (\$29,000) for the new office building in Santa Cruz.

Minor Capital Outlay

We recommend Item 449(h) be reduced \$430,800 by deleting various projects.

The budget proposes 39 minor capital outlay projects (\$100,000 or less) totaling \$891,590. We recommend deletion of the following projects:

1. *Gas storage and dispensing facilities at leased offices.* The department proposes nine minor capital outlay projects for the installation of gasoline dispensing facilities at CHP area offices. Each project costs \$23,000. These projects continue a program in which the department has demonstrated considerable savings through the bulk purchase of gasoline. We support this program. However, four of the proposals (Buellton, Mojave, Santa Cruz and Chico) are at leased facilities. In our opinion, it is imprudent for the state to invest capital improvements on nonstate, leased property. We therefore recommend deletion of the four projects for a reduction of \$92,000.
2. *Attendant Booths at fuel dispensing facilities.* The budget proposes \$7,500 to construct attendant booths at 15 area offices that currently have fuel dispensing facilities. The booths would be used for record-keeping. The need for such facilities is marginal and the additional

expense associated with them would reduce the savings realized by the bulk purchase of gasoline. We therefore recommend deletion of the request for a savings of \$7,500.

3. *Improvements at new Highway Patrol Academy.* The budget proposes \$20,000 for paving and \$25,000 for acoustical treatment at the new CHP academy. The requested work was either included in funding the original project (completed less than two years ago) or was specifically disapproved because of inadequate justification. There is no apparent need to provide additional funding for this work. Consequently, we recommend deletion, a reduction of \$45,000.
4. *Upgrading communications.* The budget proposes nine projects totaling \$286,300 for improving communications along CHP patrolled highways.

The projects would construct additional microwave facilities to provide communications through "dead spots". We have not received adequate justification to approve these projects.

We suggest that the department consider submitting these proposals as a major capital outlay project. The submittal should include more detailed justifications for (1) the additional facilities and (2) the amount requested.

The remaining requests for \$460,790 have been reasonably justified and we recommend approval.

DEPARTMENT OF MOTOR VEHICLES

Item 450 from the Motor Vehicle

Account, State Transportation

Fund

Budget p. 352

Requested 1978-79	\$9,010,084
Recommended approval	226,684
Recommended reduction	3,838,500
Recommendation pending	4,944,900
Recommended Augmentation	\$20,000
Net recommended approval	\$246,684

*Analysis
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SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Building and parking facilities—San Pedro. Withhold recommendation pending receipt of construction estimate. 1137
2. Office building and parking facilities—Torrance. Withhold recommendation pending receipt of construction estimate. 1137
3. Office building and parking facilities—Pleasanton. Withhold recommendation pending receipt of construction estimate. 1137
4. *Office building and parking facilities—Vallejo. Reduce by \$422,500.* Recommend deletion of site acquisition and 1137

DEPARTMENT OF MOTOR VEHICLES—Continued

- working drawing funds.
5. *Office building and parking facilities—San Clemente. Reduce by \$563,000.* Recommend deletion of site acquisition working drawing funds. 1137
 6. *Office building and parking facilities—San Jose. Reduce by \$647,000.* Recommend deletion of site acquisition working drawing funds. 1137
 7. *Office building and parking facilities—Palo Alto. Reduce by \$572,000.* Recommend deletion of site acquisition and working drawing funds. 1137
 8. *Office building and parking facilities—Concord. Reduce by \$722,000.* Recommend deletion of site acquisition and working drawing funds. 1137
 9. *Office building and parking facilities—El Cajon. Reduce by \$372,000.* Recommend deletion of site acquisition and working drawing fund. 1137
 10. *Office building and parking facilities—Visalia. Reduce by \$262,000.* Recommend deletion of site acquisition and working drawing funds. 1137
 11. *Office building and parking facilities—Victorville. Reduce by \$257,000.* Recommend deletion of site acquisition and working drawing funds. 1137
 12. Purchase of leased facilities. Withhold recommendation pending receipt of building condition reports. 1139
 13. Relocate key-input unit—Sacramento Headquarters. Withhold recommendation pending receipt of cost estimate. 1139
 14. *Minor capital outlay. Reduce by \$21,000.* Recommend deletion of two projects. 1139
 15. *Minor Capital Outlay. Augment by \$20,000. Recommend transfer of request from item 161.* 1140

ANALYSIS AND RECOMMENDATIONS**Motor Vehicle Account**

Support operations and capital outlay for the Department of Motor Vehicles (DMV) are funded from the Motor Vehicle Account—State Transportation Fund. In our 1976–77 and 1977–78 Analyses we noted that revenues to the account had remained stable while expenditures had increased, thereby jeopardizing the account's solvency in the future. Accordingly, we recommended the DMV suspend its capital outlay program until the financial condition of the fund was improved.

The Department of Finance now predicts a surplus of funds for the Motor Vehicle Account—State Transportation Fund for fiscal years 1978–79 and 1979–80. The financial condition of the fund for fiscal year 1980–81 is still of concern.

Woodland-Davis

DMV currently operates a small office in Woodland. Nearly all the workload at the office is generated by customers from the cities of Woodland and Davis. Because of the increase in Davis's population, DMV requested and received \$247,300 in the Budget Act of 1975 for site acquisition and working drawings to provide a new centrally located Woodland/Davis field office.

We have recently been advised that DMV now plans to construct a smaller office in Davis, and continue operation of the existing Woodland facility. In our opinion, this change in program should be reviewed by the Legislature. The Legislature agreed to appropriate funds in 1975 for a centrally located facility. The new plan is inconsistent with the project approved in 1975. We recommend the department report during budget hearings on the effect this change will have on (1) operating costs, (2) staffing needs, (3) projected workloads. We further recommend allocation of funds from the 1975 appropriation be withheld until the Legislature has had adequate opportunity to review this change in program.

1978-79 Capital Outlay Program

DMV is requesting \$9,010,084 for its 1978-79 capital outlay program. The requests are summarized as follows:

1. Construct three offices—\$2,794,900
2. Site acquisition and working drawings for eight offices—\$3,817,500
3. Purchase six leased offices—\$1,983,000
4. Relocate key-input unit—\$167,000
5. Minor capital outlay—\$247,684

New Office Construction—San Pedro, Torrance, and Pleasanton

We withhold recommendation on Items 450(a), (b) and (c) pending receipt of detailed cost estimates.

The budget proposes \$2,794,900 to construct new office buildings in San Pedro (\$839,400), Torrance (\$1,018,000), and Pleasanton (\$937,500). Site acquisition and working drawing funds for the three projects were appropriated in the Budget Act of 1975. Acquisitions are complete.

The construction funds requested are based on preliminary estimates prepared by the Office of State Architect. The necessary plans, specifications and cost estimates for each office are being prepared, and should be completed prior to budget hearings. Without this information, the appropriate level of funding cannot be verified. Therefore, we withhold recommendation pending receipt of the necessary information.

New Office Buildings

We recommend Items 450(e), (f), (g), (h), (i), (j), (k), and (l) be deleted, a reduction of \$3,817,500.

The budget proposes \$3,025,000 for site acquisition and \$792,500 for preliminary plans and working drawings for eight new DMV office buildings. Table 1 summarizes the budget requests.

DEPARTMENT OF MOTOR VEHICLES—Continued

Table 1
DEPARTMENT OF MOTOR VEHICLES
NEW OFFICE BUILDINGS
FISCAL YEAR 1978-79

Item	Office	Site Acquisition	Working Drawings	Total
450(e)	Vallejo.....	\$350,000	\$72,500	\$422,500
450(f)	San Clemente.....	450,000	113,000	563,000
450(g)	San Jose	525,000	122,000	647,000
450(h)	Palo Alto	450,000	122,000	572,000
450(i)	Concord	600,000	122,000	722,000
450(j)	El Cajon	250,000	122,000	372,000
450(k)	Visalia	200,000	62,000	262,000
450(l)	Victorville	200,000	57,000	257,000
Totals	\$3,025,000	\$792,500	\$3,817,500

Because of the unstable condition of the Motor Vehicle Account—State Transportation Fund, new capital outlay for the department has been deferred during the past two fiscal years. It now appears that adequate funds are available for capital outlay.

We support the construction of state-owned office buildings for the Department of Motor Vehicles. However, the department should not receive additional appropriations until it reduces the backlog of previously approved projects. Table 2 summarizes the status of projects for which reappropriations are being sought under Section 10.06 of the Budget Bill.

Table 2
DMV Reappropriations 1978-79 Budget Bill

(1) Item	(2) Original Appropriation	(3) Public Works Board Allocation ¹	4=(2-3) Funds Not Allocated
377d/74 San Fernando.....	736,700 ^{c 2}	32,145 ^p	704,555 ^{w,c}
362b/75 San Pedro	352,500 ^{a,w}	352,500 ^a	0
362c/75 Torrance	561,800 ^{a,w}	218,000 ^a	343,800 ^{p,w}
362d/75 Pleasanton.....	490,000 ^{a,w}	241,500 ^a	748,500 ^w
362a/75 Oceanside	434,200 ^{a,w}	—	434,200 ^{a,w}
362e/75 Tahoe	187,100 ^{a,w}	49,675	137,425
362h/75 Compton	568,560 ^{a,w}	—	568,560 ^{a,w}
362i/75 Los Angeles.....	879,880 ^{a,w}	—	879,880 ^{a,w}
362k/75 Woodland/Davis	247,300 ^{a,w}	—	247,300 ^{a,w}
362l/75 Santa Barbara.....	559,600 ^{a,w}	—	559,600 ^{a,w}
378(bx)/76 Santa Rosa	1,062,500 ^c	63,200 ^{p,w}	999,300 ^c
394b/77 Computer Replacement	50,000 ^p	—	50,000 ^p
Totals	\$6,130,140	\$957,020	\$5,173,120

¹ Excluding augmentations.

² Symbol indicates: a—acquisition, p—planning, w—working drawings, c—construction.

It is apparent from Table 2 that the department has not been able to complete projects for which funds have been approved. Additional appropriations in the budget year could not be expended because the department already has an unmanageable number of projects underway. We, therefore, recommend deletion of the eight requests in Table 1, a reduction of \$3,817,500.

Lease Purchase

We withhold recommendation on Items 450(m), (n), (o), (p), (q), and (r) pending receipt of reports regarding the condition of the facilities to be purchased.

The budget proposes \$1,983,000 for the purchase of six offices leased by the Department of Motor Vehicles. The offices and respective purchase prices are listed in Table 3.

Table 3

<i>Item</i>	<i>Office</i>	<i>Lease Purchase Price</i>
450(m)	Roseville	\$125,000
450(n)	Watsonville	238,000
450(o)	Fremont	550,000
450(p)	Fontana	350,000
450(q)	Escondido	220,000
450(r)	Newhall	500,000
Total		\$1,983,000

The buildings were constructed for DMV and have been leased by the department. The purchase prices in Table 3 are defined in the lease-purchase agreements entered into at the time of construction.

We withhold recommendation until each building has been surveyed by the Department of General Services. These surveys are required to determine (1) the condition of the facilities, (2) any improvements that should be made by the owner prior to state purchase and (3) the market value of property and improvements.

Relocate Key-Input Unit—Sacramento Headquarters

We withhold recommendation on Item 450(d) pending receipt of a detailed cost estimate.

The budget proposes \$167,000 for alterations to the first floor of the Department of Motor Vehicles headquarters building in Sacramento. The alterations are required for new equipment to be used for entering data, and updating and retrieving automated files and records.

The proposed work is justified, but a detailed cost estimate and plans have not been prepared. These should be available prior to budget hearings and we withhold recommendation pending receipt of this information.

Minor Capital Outlay

We recommend Item 450(s) be reduced \$21,000 by deleting two projects.

We further recommend item 450(s) be augmented by \$20,000 by transferring funds for a project from item 161.

The budget contains \$247,684 for minor capital outlay projects costing less than \$100,000.

We recommend deletion of \$20,000 for unspecified "miscellaneous moves" in and about the DMV complex. Minor capital outlay funds are not of an emergency nature, and a contingency fund for such needs is not justified.

DEPARTMENT OF MOTOR VEHICLES—Continued

We also recommend deletion of \$1,000 for construction of a district managers office in Santa Rosa. Funds for a new building in Santa Rosa have been appropriated (see Table 2) and the project is proceeding. We believe the expenditure of funds to construct an office at a facility soon to be vacated is inappropriate.

Funds for alterations to the San Diego office (\$20,000) were requested under item 161. We have reviewed this project and recommend approval. However, the appropriation should be made under item 450(s). We, therefore, recommend an augmentation to item 450(s) of \$20,000.

We recommend approval of the remaining 15 projects, totaling \$219,684.

CALIFORNIA CONSERVATION CORPS

Item 451 from the General
Fund

Budget p. 366

Requested 1978-79	\$1,450,000
Recommended reduction	900,000
Recommendation pending	550,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Minor Capital Outlay. Reduce by \$900,000. Recommend deletion of requests.* 1140
2. *Minor Capital Outlay. Withhold recommendation on request for \$550,000 pending receipt of additional information.* 1141

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay—New Conservation Camps**

We recommend Item 451 be reduced \$900,000 by deleting funds requested for new conservation camps.

Item 451 of the Budget Bill requests \$900,000 for improvements at nine proposed California Conservation Corps (CCC) camps. The proposal is based on a maximum expenditure of \$100,000 at each of nine unidentified lease facilities.

The CCC currently occupies 17 camps in California. An appropriation of \$500,000 in the Budget Act of 1977 provided funds to upgrade five leased camps to the corps' minimum standards for habitation. That lump-sum appropriation was made without specific project information to provide startup funds for the department's program. Now that the program is established, we believe requests for capital outlay funds should be justified with detailed descriptions of projects and expenditures. We, therefore, recommend deletion of this request for a savings of \$900,000.

Minor Capital Outlay—Existing Camps

We withhold recommendation on \$550,000 from Item 451, pending receipt of additional information.

Item 451 of the Budget Bill requests \$550,000 for additional improvements at the 17 existing CCC camps. The scope of the associated work appears reasonable. However, the budget request is not consistent with information and cost estimates provided by the department. We withhold recommendation until we have determined which proposed projects are included in the budget request.

DEPARTMENT OF FORESTRY

Item 452 from the General
Fund

Budget p. 402

Requested 1978-79	\$3,306,103
Recommended approval	2,548,978
Recommended reduction	203,525
Recommendation pending	553,600
Recommended augmentation	7,030
Net recommended approval	\$2,556,008

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Construct Fire Station—Occidental. Reduce by \$2,600.* 1141
Recommend reduction of funds for equipment.
2. *Construct Fire Station—Piedra. Augment by \$4,400.* 1141
Recommend augmentation of funds for equipment.
3. *Construct Fire Station—Hollister. Reduce by \$665.* Rec- 1141
ommend reduction of funds for equipment.
4. *Construct Fire Station—San Jacinto. Augment by \$2,630.* 1141
Recommend augmentation of funds for equipment.
5. *Davis Equipment Facility. Withhold recommendation* 1142
pending approval of Master Plan.
6. *Emergency Vehicle Operating Course. Reduce by* 1142
\$12,760. Recommend reduction of construction estimate.
7. *Minor Capital Outlay. Reduce by \$187,500.* Recommend 1143
deletion of satellite-tracked data collection platforms.

ANALYSIS AND RECOMMENDATIONS**Construct New Forest Fire Stations**

We recommend items 452(e), (g), (i), and (k) be augmented by a net \$3,765 as detailed in Table 1 to provide proper equipment.

The budget proposes \$1,766,667 to construct and \$20,535 to equip four new forest fire stations. The construction estimates for the four stations appear reasonable, and we recommend approval. The budget requests for equipment, however, are inaccurate. Table 1 shows the requested and recommended amounts for the stations.

DEPARTMENT OF FORESTRY—Continued

TABLE 1
1978-79 FISCAL YEAR FOREST FIRE STATIONS

<i>Budget Bill Item</i>	<i>Station</i>	<i>Budget Request</i>	<i>Legislative Analyst Recommendation</i>	<i>Difference</i>
	Occidental			
452(d)	Construction	\$342,470	\$342,470	0
452(e)	Equipment	6,800	4,200	—\$2,600
	Piedra			
452(f)	Construction	413,110	413,110	0
452(g)	Equipment	2,300	6,700	+4,400
	Hollister			
452(h)	Construction	544,637	544,637	0
452(i)	Equipment	3,665	3,000	—665
	San Jacinto			
452(j)	Construction	466,450	466,450	0
452(k)	Equipment	7,770	10,400	+2,630
Net Augmentation				\$3,765

The budget amounts for equipment (appliances, utensils, furniture, tools) are based on preliminary recommendations from the department. The department has more recently conducted a site by site survey to define precisely the equipment items needed. We have reviewed the survey information and it accurately reflects the equipment needs of the four stations. We, therefore, recommend a net \$3,765 augmentation as outlined in Table 1.

Construct New Equipment Facility—Davis (Phase I)

We withhold recommendation on Items 452(l) and (m) (\$553,600) pending completion of the Davis Master Plan.

The budget proposes \$493,600 to construct and \$60,000 to equip the initial Phase of a plan to replace the fire equipment facilities in Davis. The Davis facilities are used for maintenance, testing, and prototype development for the Department's fire-fighting equipment. They consist of numerous small buildings salvaged from the Civilian Conservation Corps in the mid-1930s. The buildings are deteriorated, and need replacement. Phase I of the replacement project would construct a large (approximately 10,000 gross square feet) steel building to house the maintenance and prototype testing functions.

Funds for a Facilities Master Plan at Davis were appropriated in the Budget Act of 1976. The department is completing this plan and expects to have it approved and available for review prior to budget hearings. Approval of new facilities before the plan is available for review would be premature. Consequently, we withhold recommendation.

Emergency Vehicle Operating Course—Fire Academy, Lone

We recommend that the construction estimate in Item 452(n) be reduced \$12,760.

The budget proposes \$191,500 to construct an emergency vehicle oper-

ating course at the fire academy in Ione, Amador County. Currently, for emergency vehicle training, the department rents a vacant parking lot at the Aerojet facilities east of Sacramento. These facilities are a one-hour drive from the fire academy. Thus the location of the facilities is inconvenient and inefficient. Furthermore, the pavement at the Aerojet facility was not designed to withstand heavy fire engines and is rapidly deteriorating. The budget proposal would construct a combination asphalt driving lot and concrete skid-pad at the fire academy. The department proposes to do the rough grading and placement of foundation material with day labor. The budget request includes only the asphalt and concrete paving (to be contracted through Caltrans). We have reviewed this proposal and agree with its need. The construction estimate, however, is overstated. The estimate includes a 15 percent markup for contingencies. Projects of this nature should only require a 5 percent contingency. We recommend the 5 percent figure be used, resulting in a reduction of \$12,760.

Minor Capital Outlay

We recommend Item 452(a) be reduced by \$187,500 by deleting the satellite-tracked, data collection platforms.

The budget includes \$688,801 for minor capital outlay. We recommend deletion of the \$187,500 request for solar-powered satellite-tracked, data collection platforms. The proposal is for platforms, a base receiving terminal, and associated maintenance.

We have not received adequate information to justify this request. Furthermore, the cost is over \$100,000 and the request should be submitted as a *major* capital outlay project. The proposal should include a report detailing (1) the need for the platforms, (2) their intended use, (3) the locations proposed for installation, (5) a justification for satellite instead of conventional technology, and (6) an analysis of the cost effectiveness of the proposal.

We recommend approval of the remaining 26 minor capital outlay projects totaling \$501,301. The projects range in cost from \$1,900 for a building modification to \$51,000 for an air base expansion.

DEPARTMENT OF FISH AND GAME

Item 453 from the General
Fund

Budget p. 428

Requested 1978-79	\$545,100
Recommended approval	545,100

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. General Fund Appropriation. Recommend funding for approved projects be provided on a loan basis from the General Fund. 1144

ANALYSIS AND RECOMMENDATIONS

Major Projects

We recommend Items 453(b), (c), (d), (e), and (f) be approved and that funds be provided on a loan basis from the General Fund.

The budget requests \$298,100 from the General Fund for working drawings for five projects at hatcheries operated by the department. Table 1 summarizes the budget requests.

Table 1
Department of Fish and Game
1978-79 Projects

Project	78-79 Request	
	Item	Amount
Black Rock Fish Hatchery Ponds	453(b)	90,000 ^w
Mt. Shasta hatchery building and water system	453(c)	52,300 ^w
Fillmore Fish Hatchery Operations Building	453(d)	26,100 ^w
Darrah Springs Fish Hatchery Ponds, Phase I	453(e)	99,200 ^w
Mt. Whitney Fish Hatchery Ponds	453(f)	30,500 ^w

^w Working drawings

Capital outlay and support operations for the Department of Fish and Game are funded from the Fish and Game Preservation Fund. Revenues to this fund include fees collected for fishing and hunting licenses. Recently, the fund has lacked adequate resources to support the operations of the department. Corrective action is being considered to insure the adequacy of the fund in the future. Until that time, the department is requesting General Fund appropriations for its capital outlay program.

We agree with the need for continuing the planning process for the projects listed in Table 1. However, the funding should ultimately be provided from the Fish and Game Preservation Fund. We, therefore, recommend that language for Item 453 be placed in the Budget Bill stating that "the Department of Finance will allocate, as loans to the Fish and Game Preservation Fund, for working drawings, the sum of \$298,100 from the General Fund to be repaid upon such terms and conditions as may be prescribed by the Department of Finance."

Minor Capital Outlay

We recommend that Item 453(a) be approved in the amount of \$247,000 and that funds be provided on a loan basis from the General Fund.

The budget proposes \$247,000 for 10 minor capital outlay projects as follows:

1. Crystal Lake Garage (\$55,000): Construct metal garage building to house tank trucks, mowers and associated hatchery equipment.
2. Fish screen, Deer Creek (\$5,000): Construct a vertical, diagonal fish screen of perforated steel plate.
3. Fish screen, Battle Creek (\$10,000): Construct a vertical, diagonal fish screen driven by a paddle wheel with a reciprocating wiper system.
4. Fish screen Newton Number 3 (\$10,000): Construct a water powered, fish screen in the Newton Water Diversion Number 3 from the East Fork of the Scott River.
5. Greenview Ditch (\$12,000): Construct a fish screen on Kidder Creek.
6. Merced River Rearing Pond Water Supply (\$20,000): Provide a controllable water supply for rearing ponds.
7. Mendota Pump Box (\$15,000): Construct sump, box, and pump structure to drain east side of Mendota Wildlife Area to adjacent canal. (state-owned pump on hand).
8. Mendota Equipment Shed (\$30,000): Construct an open building with gravel floor to store farm and dredging equipment.
9. Volta Check Station and Parking (\$40,000): Replace check station with concrete block building; regrade parking lot.
10. Imperial Storage Building (\$50,000): Construct metal building to house fish-planting trucks, forklifts, and miscellaneous equipment.

We recommend approval of Item 453(a) and further recommend that funds be appropriated as a loan from the General Fund with control language similar to that recommended for Items 453(b) through (f).

DEPARTMENT OF FISH AND GAME

Item 454 from the California
Environmental Protection
Program Fund

Budget p. 429

Requested 1978-79	\$425,000
Recommended approval	425,000

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

We recommend approval.

The Department of Fish and Game is requesting \$404,000 from the Environmental Protection Program Fund (from the sale of personalized vehicle license plates) for the purchase of 10 additional ecological reserves. The Budget Bill lists the additional reserves without specific cost

DEPARTMENT OF FISH AND GAME—Continued

estimates assigned to each site. The department anticipates that the local acquisition cost of the ten reserves will exceed the \$404,000 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) *Ione Rare Plant—Soil Enclave*, in Amador County, is 220 acres supporting certain species of wild buckwheat and manzanita which are listed as rare by the California Native Plant Society.

(2) *Badger Slough Ecological Reserve*, 20 miles south of Sacramento, is a 140-acre parcel consisting of pond-marsh habitat and dry land pasture. The ponded area provides a nesting and roosting habitat for numerous species of birds. (Reintroduced from the 1972-73 Budget.)

(3) *Marble Hot Springs Ecological Reserve* is a 280-acre habitat for waterfowl and water-associated species, located 4 miles south of Beckwourth in Plumas County. (Reintroduced from the 1974-75 Budget).

(4) *Upper Butte Basin Riparian Habitat* is located along the upper Sacramento River between Hamilton City and Princeton. The 200-acre habitat supports numerous game and non-game species, and is the habitat of the rare California yellowbilled cuckoo.

(5) *Pitkin Marsh*, a 70-acre wetland and grassland area, is located 10 miles west of Santa Rosa. Numerous species of birds, mammals, amphibians and reptiles inhabit this marsh.

(6) *Pothole Spring Ecological Reserve* is located northeast of Fillmore, Ventura County. The 80-acre parcel serves as a buffer zone to condor-breeding areas in the Sespe Condor Sanctuary.

(7) *Piute Creek Ecological Reserve* is a 139-acre parcel located 30 miles northwest of Needles, California. The creek provides water for a rare riparian habitat in the desert, as well as preserving the population of the Mojave chub.

(8) *Beaver Lake Ecological Reserve*, located 7 miles north of Knights Landing in Yolo County, is a 40-acre habitat for Great Blue Heron, hawks and owls.

(9) *Roberts Wildlife Sanctuary*, 230 acres, is located approximately 20 miles south of Bakersfield. Many wildlife species, including valley quail, cottontail and jackrabbit, coyote, bobcat, raptors, songbirds, and waterfowl inhabit this area. It is also within the range of the rare San Joaquin Kit Fox and the Bluntnosed Lizard.

(10) *Bluntnosed Leopard Lizard Ecological Reserve*, located 6 miles west of Pixley, in Tulare County, is a 160-acre, sparsely vegetated habitat for leopard lizards, an endangered species.

Development of Ecological Reserves

We recommend approval.

The budget proposes \$21,000 to provide signs for reserve identification and development of vehicle control.

RESOURCES AGENCY

Items 455-462 from various
funds

Requested 1978-79 (Total of all above items)	\$17,225,026
Recommendation pending	17,225,026

ANALYSIS AND RECOMMENDATIONS

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

The items listed below are budgeted by the Department of Navigation and Ocean Development and the Department of Parks and Recreation for capital outlay projects.

Additional information is needed for evaluation of the individual projects. In most cases, information on the projects was either not received in time or was insufficiently detailed to permit evaluation and formulation of recommendations for inclusion in the Analysis.

<i>Item</i>	<i>Description</i>	<i>Fund</i>	<i>Requested Appropriation</i>
455	Department of Navigation and Ocean Development—minor capital outlay and project planning	Harbors and Watercraft Revolving Fund	\$462,000
456	Department of Parks and Recreation—Hearst San Simeon SHM, restoration	General Fund	442,600
457	Department of Parks and Recreation—state park acquisition projects	Park and Recreation Revolving Account, General Fund	3,705,000
458	Department of Parks and Recreation—design and construction planning ..	Bagley Conservation Fund	48,901
459	Department of Parks and Recreation—state park acquisition, beach sand replenishment and minor capital outlay projects	Collier Park Preservation Fund	3,938,225
460	Department of Parks and Recreation—state park acquisition projects	State Park Contingent Fund	-0-
461	Department of Parks and Recreation—state park development projects	Off-Highway Vehicle Fund	7,028,300
462	Department of Parks and Recreation—Cal Expo development and minor capital outlay projects	General Fund	1,600,000
			<u>\$17,225,026</u>

DEPARTMENT OF WATER RESOURCES

Item 463 from the General
Fund

Budget p. 512

Requested 1978-79	\$1,135,000
Recommended approval	1,135,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item provides for the acquisition of lands, easements, and rights-of-way for the following U.S. Corps of Engineers Flood Control Projects in the Central Valley.

(a) Sacramento River and Tributaries Flood Control project	\$50,000
(b) Chester, North Fork Feather River Flood Control project	50,000
(c) San Joaquin River and Tributaries Flood Control project	15,000
(d) Fresno River Flood Control project	10,000
(e) Chowchilla River Flood Control project	10,000
(f) Sacramento River Bank Protection project	1,000,000
	<u>\$1,135,000</u>

DEPARTMENT OF WATER RESOURCES

Item 464 from the General
Fund

Budget p. 512

Requested 1978-79	\$1,560,100
Recommended approval	1,426,900
Recommended reduction	133,200

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Snow Data Telemetry System. Reduce by \$99,500. Rec-* 1149
ommend deletion of snow sensors.
2. *Sutter Bypass Rehabilitation. Reduce by \$33,700. Recom-* 1149
mend reduction of construction estimate.

ANALYSIS AND RECOMMENDATIONS

Flood Warning Telemetry System

This \$120,000 request would provide eight replacement hydrologic data stations for the South Bay, Central Coast Rivers area. The stations will tie into the department's computer facilities in Sacramento, and will provide rainfall and stream flow information. We have reviewed this project, and recommend approval.

Snow Data Telemetry System

We recommend deletion of Item 464(c) in the amount of \$99,500.

The budget proposes \$99,500 for six space satellite-tracked, automatic, snow-data collection platforms. Currently, snow-cover data is available to the department from a variety of sources, including 53 automatic snow sensors funded by cooperating agencies to the California Cooperative Snow Surveys program. Data from the sensors is transmitted to the agencies via microwave communications. The budget proposal would fund the state's share in six additional data platforms. The data from the new platforms would be transmitted via the GOES satellite. Eventually, 122 automatic snow sensors are planned for locations throughout the state.

We have not received information from the department that (1) outlines the advantages of satellite telemetry, or (2) justifies the added expense associated with satellite technology.

Sutter Bypass Rehabilitation

We recommend that item 464(b) for construction of Sutter Bypass rehabilitation be reduced by \$33,700.

The budget proposes \$1,310,600 for rehabilitation work at the Sutter Bypass located northwest of Sacramento. The work includes replacement of Pumping Plant No. 1 (\$1,076,300), and construction of fish ladders at Willow Slough (\$125,300) and Gilsizer Slough (\$109,000).

In our opinion, the construction estimates are overstated. Table 1 summarizes the costs as estimated by the department.

TABLE 1

(1) Project	(2) Estimated Total Construction Cost	(3) Topographic Survey & Geologic Analysis	(4) Budget Request
Replace Pumping Plant No. 1	\$1,055,400	\$20,900	\$1,076,300
Willow Slough Fish Ladder	118,200	7,100	125,300
Gilsizer Slough Fish Ladder.....	103,300	5,700	109,000
Total	\$1,276,900	\$33,700	\$1,310,600

The funds requested for topographic surveys and geologic analysis (Table 1, column 3) are not required. The estimated total construction costs (column 2) include 3.1 percent for civil, structural, and geologic design which is adequate to provide for the necessary topographic surveys and geologic analyses.

STATE WATER RESOURCES CONTROL BOARD

Item 465 from the General
Fund

Budget p. 526

Requested 1978-79	\$260,000
Recommended reduction	260,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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page*

1. *Aquaculture Developmental Center. Reduce by \$260,000. Recommend deletion of project.* 1150

ANALYSIS AND RECOMMENDATIONS**Aquaculture Developmental Center**

We recommend deletion of Item 465, a reduction of \$260,000.

The budget proposes \$260,000 from the General Fund to finance a portion of an Aquaculture Developmental Center being planned at the University of California, Davis.

The Aquaculture Developmental Center will be an experimental project to test the uses of aquatic species for growing food and feed, and treating waste water. The budget proposal would fund the preliminary stages of a pilot sewage disposal plant. The plant would attempt to purify municipal and agricultural waste water through the use of aquatic species.

This is a research project and is more appropriately funded from conventional sources of research grants to the University (i.e. federal funds). Furthermore, we have received inadequate information from the department justifying (1) the amount requested in the 1978-79 budget and (2) the state's potential commitment to future funding. We therefore recommend deletion of this item, a reduction of \$260,000.

HEALTH AND WELFARE AGENCY CONSOLIDATED DATA CENTER

Item 466 from the General
Fund

Budget p. 529

Requested 1978-79	\$1,024,417
Recommendation pending	1,024,417

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Control Language. Recommend deletion of language and preparation of cost estimate. 1151
2. Alterations-Employment Development Building. Withhold recommendation pending receipt of detailed cost estimate. 1151

ANALYSIS AND RECOMMENDATIONS**Control Language**

We recommend deletion of Budget Act control language and preparation of detailed cost estimate.

Item 466 contains control language stipulating that no funds from this appropriation may be expended until the Office of the State Architect (OSA) estimate is prepared and approved by the Department of Finance. We believe funds for this project should not be appropriated until a detailed cost estimate is prepared and approved. An appropriate level of funding can then be determined and the control language eliminated. We, therefore, recommend deletion of the control language.

Alterations—Employment Development Building

We withhold recommendation on Item 466 pending receipt of a detailed cost estimate.

The budget proposes \$1,024,417 for alterations to the Employment Development Department (EDD) Building. The alterations would expand the existing EDD computer facility to house the Health and Welfare Consolidated Data Center.

The budget request is based on a cost estimate prepared by computer center personnel. In addition, the scope of the alterations is, as yet, undefined. This information should be available prior to budget hearings. Pending its receipt, we withhold recommendation.

DEPARTMENT OF HEALTH SERVICES

Item 467 from the General

Fund

Budget p. 617

Requested 1978-79	\$1,095,077
Recommended approval	830,605
Recommended reduction	123,200
Recommendation pending	141,272

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Public Health Building—Berkeley. Reduce by \$123,200.* 1151
Recommend reduction of construction estimate.
2. *Minor Capital Outlay—Sacramento. Withhold recommendation pending receipt of additional information.* 1152

ANALYSIS AND RECOMMENDATIONS**Sprinklers and Alarms—Public Health Building**

We recommend Item 467(a) be reduced \$123,200 by reducing the construction cost.

The budget proposes \$823,300 to install automatic fire sprinklers and alarms in the Public Health Building in Berkeley. The building has received numerous fire and life safety citations from the State Fire Marshal.

DEPARTMENT OF HEALTH SERVICES—Continued

After a careful examination of the costs and alternatives, the department is requesting funds for installation of sprinklers and alarms which appears to be the least expensive alternative for correcting the deficiencies.

The budget amount, however, is overstated. The Office of the State Architect informs us that \$700,100, rather than \$823,300, is required. We therefore recommend reducing Item 467 (a) by \$123,200.

Minor Capital Outlay—Berkeley

We recommend approval.

The budget proposes \$130,505 for minor capital outlay at the Public Health Building in Berkeley. The projects consist of floor resurfacing, installation of a laboratory incubator, exterior painting, and reroofing.

Minor Capital Outlay—Sacramento

We withhold recommendation on Item 467(c) pending receipt of additional information.

The budget requests \$141,272 for minor capital outlay at the department's offices in Sacramento. We have received no information supporting this request. The department is preparing a detailed breakdown of the associated costs. Until we have reviewed this information, we withhold recommendation.

DEPARTMENT OF DEVELOPMENTAL SERVICES

Item 468 from the General
Fund

Budget p. 633

Requested 1978-79	\$15,964,936
Recommended approval	1,539,929
Recommended reduction	10,021,293
Recommendation pending	4,403,714

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Fire and Life Safety Improvements. Reduce by \$4,149,512. Recommend deletion of construction funds.* 1153
2. *Environmental Improvements. Reduce by \$4,059,193. Recommend deletion of construction funds.* 1153
3. *Fire and Life Safety Improvements. Withhold recommendation on \$119,533 pending receipt of additional information.* 1153
4. *Environmental Improvements. Withhold recommendation on \$116,931 pending receipt of additional information.* 1153
5. *Power Management Systems. Reduce by \$1,026,722. Recommend deletion of requests.* 1154
6. *Water Line—Camarillo. Reduce by \$764,796. Recommend funding only working drawings.* 1155
7. *Boiler Replacements—Napa and Patton. Withhold recom-* 1155

- mendation pending receipt of additional information.
8. Electrical System Alterations. Withhold recommendation 1156 pending receipt of detailed cost estimates.
 9. *Minor Capital Outlay. Reduce by \$21,070. Recommend 1156 deletion of review and consultation funds.*

ANALYSIS AND RECOMMENDATIONS

Fire and Life Safety and Environmental Improvements

We recommend Items 468(a) and 468(b) be reduced \$4,149,512 and \$4,059,193, respectively.

Further, we withhold recommendation on Items 468(a) and 468(b) in the amounts of \$119,533 and \$116,931 (planning funds) pending receipt of additional information.

The budget includes \$4,269,045 for fire and life safety and \$4,176,124 for environmental improvements at five state hospitals. Table 1 summarizes the budget request.

Table 1
Department of Developmental Services
1978-79 Fire, Life Safety and Environmental Improvements

<i>Budget Bill Item</i>	<i>Hospital</i>	<i>Budget Request</i>	<i>Planning Funds Required</i>
468(a) (1-4)	Camarillo	\$2,450,520	
468(a) (5)	Fairview	122,723	
468(a) (6)	Pacific	256,036	
468(a) (7)	Porterville	361,989	
468(a) (8)	Sonoma	1,077,777	
468(a)	TOTAL	(\$4,269,045)	\$119,533
468(b) (1-4)	Camarillo	\$2,484,480	
468(b) (5)	Fairview	240,000	
468(b) (6)	Pacific	433,212	
468(b) (7)	Porterville	795,000	
468(b) (8)	Sonoma	223,432	
468(b)	TOTAL	(\$4,176,124)	\$116,931

To receive federal reimbursement for services from the Medi-Cal and Medicare programs, state hospitals must be licensed as health facilities pursuant to federal and state regulations. The state hospitals, have numerous fire and life safety and environmental deficiencies and do not comply with these requirements. Recognizing the need to correct these deficiencies, the Legislature appropriated \$47,566,246 in the Budget Act of 1977 under Item 407 (a) for corrective work at 11 state hospitals. The approved corrective program was based on a projected population of 10,000 patients and the appropriated amount will improve the necessary facilities to accommodate 10,000 patients.

Expenditures from Item 407 (a) Budget Act of 1977 are not allowed unless the Department of Finance approves the specified corrective work. To date, the Department of Health has not developed an acceptable plan for these corrections. Therefore, little of the 1977 appropriation has been expended, and the department is requesting reappropriation of approximately \$44.8 million under Section 10.60 of the Budget Bill. In view of the

DEPARTMENT OF DEVELOPMENTAL SERVICES—Continued

status of prior appropriations and the magnitude of incomplete work, we recommend deletion of all new constructing funding in Table 1.

In addition, the request for funds in the 1978-79 budget is based on an upward revision of projected state hospital patient population supplied by the Department of Health. We support the fire and life safety and environmental improvements program and believe it should accommodate the entire patient population of these hospitals. At this time, however, it is not clear what the appropriate patient population is. We have not received adequate information on and justification for the new projections to clarify this issue (discussed in more detail under Item 262, page 536). We, therefore, withhold recommendation on planning funds for the requests in Table 1 until we have received and reviewed the necessary information regarding the department's population projections.

Power Management Systems

We recommend that Items 468(c), (h), (j), (m), (o), and (p) be deleted, for a reduction of \$1,026,722.

The budget includes \$1,026,722 for installation of Power Management Systems at six state hospitals. Table 2 summarizes the request.

Table 2
Department of Developmental Services
1978-79 Power Management Systems

<i>Budget Bill</i>		<i>Budget Request</i>
<i>Item</i>	<i>Hospital</i>	
468(c)	Agnews	\$151,739
468(h)	Napa.....	148,347
468(j)	Pacific	185,379
468(m)	Patton	197,486
468(o)	Porterville	149,301
468(p)	Sonoma	194,470
	TOTAL.....	\$1,026,722

The systems are all similar and consist of providing computer-assisted monitoring and control of critical electrical loads.

We support this type of program. However, the proposals submitted are inadequate and do not include (1) descriptions of the loads to be monitored, (2) details regarding the installation, and (3) the relationship of these projects to proposed fire and life safety work. Furthermore, the department has not had sufficient operating experience to warrant the commitment of over \$1 million to one type of system. Smaller but similar systems have been installed under a lease agreement at Fairview and Stockton State Hospitals. However, sufficient operational data has not been obtained from these test facilities in order to evaluate the desirability of committing funds to incorporate the system statewide. Until the above information and data are available we recommend deletion of these requests.

New Domestic Water Line—Camarillo State Hospital

We recommend Item 468(d) be reduced \$764,796 by funding only working drawings.

The budget provides \$831,300 to construct a new water line at the Camarillo State Hospital. The existing water for the hospital is supplied from wells. The well water does not meet health department standards, and the supply is undependable.

We support this project, but have inadequate information to determine an appropriate level of funding. The budget request is based on preliminary information. Consequently, we recommend funding only working drawings in this fiscal year. An accurate estimate can be prepared based on the working drawings and construction funding requested in the 1979-80 fiscal year. Working drawings for such a project should not exceed \$66,504. Therefore, we recommend a \$764,796 reduction in the budget request.

Emergency Power—Phase II

We recommend approval.

Items 468(e), (i) and (n) of the budget contain a total of \$170,200 for working drawings for phase II of emergency power systems at three hospitals. Table 3 summarizes the request.

Table 3
Department of Developmental Services
1978-79 Emergency Power Projects

<i>Budget Bill</i>		<i>Budget Request</i>
<i>Item</i>	<i>Hospital</i>	
468(e)	Fairview	\$54,800 ^w
468(i)	Napa	49,600 ^w
468(n)	Patton	65,800 ^w

^w Denotes working drawings

The proposed projects would assure the availability of emergency electrical power to all patient-occupied buildings. The proposal and the associated costs are reasonable and we recommend approval.

Boiler Replacements

We withhold recommendation on Items 468(g) and (k) pending receipt of revised cost estimates.

We recommend approval of Item 468(q) (\$245,950).

The budget proposes \$3,239,400 for boiler replacements at three hospitals. Table 4 summarizes the budget requests.

Table 4
Department of Developmental Services
1978-79 Boiler Replacement Projects

<i>Budget Bill</i>		<i>Budget Request</i>
<i>Item</i>	<i>Hospital</i>	
468(g)	Napa	\$1,779,750 ^c
468(k)	Patton	1,218,700 ^c
468(q)	Stockton	245,950 ^c

^c Denotes construction funds.

DEPARTMENT OF DEVELOPMENTAL SERVICES—Continued

These projects will replace existing outmoded and unreliable boilers. Working drawings funds for the three projects were appropriated in the Budget Act of 1977.

The request for the Stockton project is based on preliminary plans. The cost appears reasonable, and we recommend approval.

However, the budget requests for Napa and Patton are based on insufficient information, and the adequacy of the requests cannot be substantiated. More detailed cost estimates based on preliminary plans should be available prior to budget hearings. Until the plans and estimates are available, we withhold recommendation.

Electrical System Alterations

We withhold recommendation on Items 468(f) and (l) pending receipt of detailed cost estimates.

The budget proposes \$1,173,800 for modification to electrical distribution systems at Napa and Patton State Hospitals. Table 5 summarizes the budget request.

Table 5
Department of Developmental Services
1978-79 Electrical Distribution Systems

<i>Budget Bill Item</i>	<i>Hospital</i>	<i>Budget Request</i>
468(f)	Napa	\$167,000 ^c
468(l)	Patton	1,006,800 ^c

^c Denotes construction funds.

These projects will replace defective conductors and upgrade the distribution systems for present needs. Working drawings funds for these projects were approved in the Budget Act of 1977. However the projects have not proceeded and the budget requests are based on inadequate information. The necessary plans and cost estimates should be available prior to budget hearings. Until we have reviewed this information, we withhold recommendation.

MINOR CAPITAL OUTLAY

We recommend Item 468(r) be reduced \$21,070 by deleting the review and consultation funds.

The budget contains \$1,078,345 under Item 468(r) for minor capital outlay projects.

The departments' minor capital outlay request includes \$21,070 for project review and consultation by the Office of State Architect. We recommend deletion of this amount because the estimate for each minor project adequately provides for this service. Therefore, there is no justification for an additional amount.

DEPARTMENT OF MENTAL HEALTH

Item 469 from the General
Fund

Budget p. 650

Requested 1978-79	\$1,862,885
Recommended approval	627,225
Recommended reduction	1,206,100
Recommendation pending	29,530

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Fire and Life Safety Improvements. Reduce by \$436,168.* 1157
Recommend deletion of construction funds.
2. *Environmental Improvements. Reduce by \$589,006.* 1157
Recommend deletion of construction funds.
3. *Fire and Life Safety Improvements. Withhold recommendation on \$12,560 pending receipt of additional information.* 1157
4. *Environmental Improvements. Withhold recommendation on \$16,970 pending receipt of additional information.* 1157
5. *Power Management System. Reduce by \$177,526. Recommend deletion of request.* 1158
6. *Minor Capital Outlay. Reduce by \$3,400. Recommend deletion of review and consultation funds.* 1158

ANALYSIS AND RECOMMENDATIONS

Fire and Life Safety and Environmental Improvements

We recommend Items 469(a) and 469(b) be reduced \$436,168 and \$589,006, respectively.

We further withhold recommendation on Items 469(a) and 469(b) in the amount of \$12,560 and \$16,970 pending receipt of additional information.

The budget contains \$448,728 for fire and life safety improvements and \$605,976 for environmental improvements at Metropolitan State Hospital.

The Legislature has consistently approved fire and life safety and environmental improvements at the state hospital. The approved improvement program is based on a projected hospital population of 10,000 patients statewide. However, the current proposal reflects an upward revision in the projected patient population proposed by the Department of Health. We have not received adequate information on and justification for the new patient population projections. Thus, we cannot recommend approval of the proposed capital improvements.

In addition, the Budget Act of 1977 contained \$47.6 million for statewide corrective work. The department has been unable to expend the approved funds and is requesting reappropriation of approximately \$44.8 million under Section 10.60 of the Budget Bill. In view of the magnitude of incomplete work we recommend deletion of the requested construction amounts under Item 469(a)—\$436,168 and Item 469(b)—\$589,006.

DEPARTMENT OF MENTAL HEALTH—Continued

We recognize the need to continue a planning effort if the revised population projections are appropriate. Thus, we withhold recommendation on the requested planning funds in the amount of \$12,560 and \$16,970 respectively, pending receipt of more information.

Emergency Power, Phase II

We recommend approval.

Items 469(c) and 469(f) of the Budget Bill include \$35,450 and \$59,150 to fund working drawings for Phase II of Emergency Power installations at Atascadero and Metropolitan State Hospitals. The proposed projects would complete a program to supply emergency power to all patient-occupied buildings. The requests are appropriate and we recommend approval.

Security Alert System—Atascadero

We recommend approval.

The budget proposes \$369,200 to install a modern security alert system at Atascadero State Hospital. This hospital houses mentally ill criminal offenders and a reliable security alert system is imperative. The existing system, installed in 1954, provides inadequate coverage and is unreliable. The budget proposal would provide for installation of a modernized system with call stations and a central control console. The scope and associated costs appear reasonable, and we recommend approval.

Power Management System—Metropolitan

We recommend Item 469(e) be deleted for a reduction of \$177,526.

The budget contains \$177,526 to install a power management system at Metropolitan State Hospital. The system would consist of a number of sensors on critical electrical power loads and a centralized computer to monitor and control those loads. An identical request is analyzed under Item 468(c) page 1154. In our opinion, the department does not have sufficient operational data on power management systems to justify this proposal. Consequently, we recommend deletion of the request.

Minor Capital Outlay

We recommend Item 469(g) be reduced \$3,400 by deleting review and consultation funds.

The budget requests \$166,855 for minor capital outlay projects for the Department of Mental Health. Minor capital outlay consists of projects costing less than \$100,000.

We recommend deletion of additional funds (\$3,400) for Office of State Architect (OSA) review and consultation. The department is requesting these funds to pay OSA to review and consult on various minor capital projects. This funding is included in the budget twice because the estimates for each minor project adequately provide for this service. The additional funds are therefore not required, and we recommend deletion.

EMPLOYMENT DEVELOPMENT DEPARTMENTItem 470 from the Unemploy-
ment Trust Fund

Budget p. 677

Requested 1978-79	\$979,030
Recommended approval	744,735
Recommended reduction	112,460
Recommendation pending	121,835

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
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1. New Field Office, San Luis Obispo. Withhold recommendation pending selection of a site. 1159
2. New Field Office. Van Nuys Northwest. Withhold recommendation pending selection of a site. 1159
3. New Field Office. Monterey. Withhold recommendation pending selection of a site. 1159
4. *New Parking Lot. Hollywood. Reduce by \$34,650.* Recommend reduction of construction estimate. 1160
5. *Preliminary Plans. Reduce by \$77,810.* Recommend deletion of four requests. 1160

ANALYSIS AND RECOMMENDATIONS

Capital outlay projects for the Employment Development Department are funded from Reed Act monies which are credited to the State of California under Section 903 of the Social Security Act. These monies are repaid from on-going federal grants for facility rental and become available again for further use.

New Field Offices—San Luis Obispo/Van Nuys-Northwest/Monterey

We withhold recommendation on Items 470(a), 470(b) and 470(c), new field offices, pending selection of property sites.

The budget proposes working drawing funds for three new field offices. Table 1 summarizes the budget requests.

TABLE 1

<i>Field Office</i>	<i>Working Drawing Funds Requested</i>	<i>1978 Budget Bill Item</i>	<i>Acquisition Funds Appropriated</i>
San Luis Obispo	\$36,225	470(a)	Budget Act of 1976, Item 391(a)
Van Nuys Northwest	49,000	470(b)	Budget Act of 1977, Item 408(e)
Monterey	36,610	470(c)	Budget Act of 1977, Item 408(g)

We believe it is inappropriate to commit funds for further planning and design until final site selections are made and acquisition is authorized by the State Public Works Board. Site selection has not been made for the Van Nuys office. Several sites for a Monterey office are under consideration, but a selection has not been made. A site has been selected for San Luis Obispo, but zoning and engineering problems have delayed acquisition approval.

EMPLOYMENT DEVELOPMENT DEPARTMENT—Continued

The department hopes to have site selections completed prior to budget hearings. Until that time, we withhold recommendation.

New Parking Lot—Hollywood

We recommend that Item 470(e), construct new parking lot, be reduced by \$34,650.

The budget proposes \$445,000 for acquisition and \$193,385 for improvements for a new parking lot at the department's field office in Hollywood.

The proposed acquisition consists of six lots adjacent to the Hollywood office. Five of the six lots are currently being used for parking, three by lease to EDD. The Hollywood office has a need for additional parking, and the acquisition of the six lots is appropriate. However, development costs for the six lots include \$34,650 for area lighting. At present, adequate security lighting around the building exists. Furthermore, EDD offices are only open during normal business hours. We, therefore, question the need for full area lighting in the parking lot, and recommend its deletion.

Preliminary Plans

We recommend Item 470(f) be reduced \$77,810 by deleting planning funds for specific projects.

Item 470(f) of the Budget Bill requests \$100,810 for preliminary plans. Table 2 summarizes the request.

Table 2
Employment Development Department
Preliminary Plans—Fiscal Year 1978-79

<i>Office</i>	<i>Funds Requested</i>
San Luis Obispo	\$16,100
Van Nuys Northwest	21,780
Van Nuys Southeast	23,660
Monterey	16,270
SUBTOTAL	77,810
Statewide	23,000
TOTAL Item 470(f)	\$100,810

We recommend planning funds (\$77,810) for the San Luis Obispo, Van Nuys Northwest, Van Nuys Southeast, and Monterey offices be deleted. As indicated above, site acquisition for these offices is incomplete and the need for planning funds is premature. In the event site acquisitions are determined before budget hearings the associated preliminary planning funds can be added to the specific building working drawings amount.

The requested \$23,000 for planning future budget proposals is reasonable and we recommend approval.

DEPARTMENT OF REHABILITATION

Item 471 from the General
Fund

Budget p. 686

Requested 1978-79	\$274,700 ^a
Recommended approval	30,300
Recommended reduction	244,400

^a Item 471 is shown as a zero appropriation in the Budget Bill because the expenditure is offset by an equal amount of federal funds.

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Minor Capital Outlay. Reduce by \$244,400.* Recommend deletion of unspecified projects. 1161

ANALYSIS AND RECOMMENDATIONS

We recommend Item 471 (a) be reduced \$244,400 by deleting unspecified alteration projects.

The budget requests \$274,700 (which is offset by federal funds) for minor capital outlay for the Department of Rehabilitation. Many of the department's programs are federally funded, and federal funds not approved for capital outlay will still be available for departmental support. Of the twenty-nine requested projects, only two are for scheduled work. The department proposes minor alterations in the San Diego (\$16,000) and Long Beach (\$14,300) districts. We recommend approval of these two projects totaling \$30,300.

The remainder of the request is for "... non-scheduled minor alterations ..." at twenty-six district offices and the Sacramento headquarters. Minor capital outlay funds are not of an emergency nature and a contingency fund for unidentified needs is not justified.

DEPARTMENT OF SOCIAL SERVICES

Item 472 from the General
Fund

Budget p. 713

Requested 1978-79	\$91,048
Recommended reduction	15,000
Recommendation pending	76,048

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Open Office Landscaping. Withhold recommendation on project in Office Building, Sacramento, pending submission of cost benefit analysis. 1162
2. *Minor Capital Outlay. Reduce by \$15,000.* Recommend deletion of unspecified projects. 1162
3. Minor Capital Outlay. Remodel Los Angeles Office to open landscaping. Withhold recommendation pending receipt of cost benefit analysis for open space alterations. 1163

DEPARTMENT OF SOCIAL SERVICES—Continued

ANALYSIS AND RECOMMENDATIONS

Fiscal Year 1978–79 Capital Outlay Program

Capital outlay for the Department of Social Services consists of three projects totaling \$180,280. Table 1 summarizes the projects and the budget request.

Table 1
Department of Social Services
Fiscal Year 1978–79 Capital Outlay

<i>Item</i>	<i>Project</i>	<i>General Fund</i>	<i>Federal Funds</i>	<i>Total</i>
1. Major Capital Outlay.....	Convert 13th Floor OB 9 to open landscape	\$62,537	\$62,536	\$125,073
2. Minor Capital Outlay	Unscheduled alterations OB 9	\$15,000	\$15,000	\$30,000
3. Minor Capital	Convert Los Angeles Office to open landscape	\$13,511	\$11,696	\$25,207
TOTALS.....		\$91,048	\$89,232	\$180,280

Open Office Landscaping—Office Building 9—Sacramento

We withhold recommendation on Item 472(a) in the amount of \$62,537 to convert the 13th floor of Office Building 9 to open office landscaping pending submission of a cost/benefit analysis.

The budget proposes \$62,537 from the General Fund to finance the state's share of a project to convert the 13th floor of OB 9 to open office landscaping (Item 1, Table 1). The remainder of the project will be funded from the department's allocation of federal funds. Federal money not expended on the project will be available for departmental support.

The conversion of conventional offices to open landscape configuration is not always cost beneficial. Control Section 25(b) of the Budget Bill requires that before open landscape alterations are undertaken, a cost benefit analysis be prepared. We withhold recommendation pending receipt of such an analysis.

Minor Capital Outlay

We recommend Item 472(b) be reduced \$15,000 by deleting unspecified projects.

The budget proposes \$15,000 from the General Fund for unspecified alterations to offices on the 13th and 17th floors of OB 9. The \$30,000 project (Table 1, Item 2) would be funded concurrently with \$15,000 from the U.S. Government.

Minor capital outlay funds are not of an emergency nature and the establishment of a contingency fund for unspecified projects is not justified and we therefore recommend deletion of the request.

Minor Capital Outlay

We withhold recommendation on Item 472(b) in the amount of \$13,511 to convert conventional office space in the Los Angeles office to open landscape pending submission of a cost/benefit analysis.

The budget proposes \$13,511 from the General Fund for the open landscape conversion of 3,527 square feet of conventional office space at the department's Quality Control Bureau in Los Angeles. The remainder of the \$25,207 construction cost would be federally funded.

We withhold recommendation pending receipt of a cost/benefit analysis justifying the conversion to open office landscaping.

DEPARTMENT OF CORRECTIONS

Item 473 from the General
Fund

Budget p. 734

Requested 1978-79	\$7,348,430
Recommended approval	1,188,348
Recommended reduction	6,160,082

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Folsom Water Tank. Reduce by \$831,312. Recommend funding only working drawings.* 1163
2. *Folsom Visitors Center. Reduce \$57,040. Recommend reduction of working drawing request.* 1164
3. *San Luis Obispo—replace toilets. Reduce \$127,500. Recommend reduction of construction estimate.* 1164
4. *Norco Food Service Building. Reduce by \$4,740,600. Recommend deletion of request.* 1164
5. *Minor Capital Outlay. Reduce by \$403,630. Recommend deletion of fuel oil projects.* 1165

ANALYSIS AND RECOMMENDATIONS**Water Tank—Folsom Prison**

We recommend that Item 473(a) be reduced \$831,312 by funding only working drawings.

The budget contains \$903,600 to construct a new water tank and water line at Folsom Prison. The tank and line are required by the Department of Health because domestic (drinking) water for the prison is presently stored in an open reservoir. The budget proposal would provide for construction of a 2 million gallon enclosed tank and 1,000 feet of water line. Upon completion the prison would meet health department standards for storage of domestic water.

We recommend that only working drawings be funded for this project because the budget amount is based on inadequate information. We agree with the need for the project, but more accurate project data is required. With the completion of working drawings, the location for the tank and

DEPARTMENT OF CORRECTIONS—Continued

pipe routing can be determined, and an appropriate cost estimate can then be prepared. Working drawings for a project of this magnitude should not exceed \$72,288. Consequently we recommend a reduction of \$831,312.

Visiting Center—Folsom Prison

We recommend that Item 473(b) be reduced \$57,040 by reducing the amount requested for working drawings.

The budget includes \$160,000 to prepare working drawings for a new visitor center at Folsom Prison. The project would consist of a 10,000 square foot visiting building and a 2,500 square foot processing center. The current visiting and processing centers are inadequate, causing many visits to be terminated prematurely.

We agree with the need for this project. However, the budget request is based on a building cost of \$104 per square foot. We recognize the increased costs for providing security measures in the building. However, after subtracting those costs, the basic building cost requested is \$75 per square foot. This is excessive. Building construction of this type should cost no more than \$50 per square foot. Adding the security cost to this reflects a \$76 per square foot building cost. Consequently, we recommend that the preliminary construction estimate, from which working drawing costs are based, be reduced to \$76 per square foot. On this basis working drawing costs should not exceed \$102,960 representing a reduction of \$57,040.

San Luis Obispo—Replace Toilets

We recommend that Item 473(c) be reduced \$127,500 by reducing the construction estimate.

The budget provides \$877,500 to replace 1,200 toilets at the California Men's colony, San Luis Obispo. This request is for the second phase of a project funded in the current year.

The Budget Act of 1977, contained \$700,800 for 1,200 replacement toilets in other buildings. The budget year request reflects a 25 percent increase over the 1977-78 amount. However, the department informs us that in mid-January contract bids were opened for the initial phase of the project. All bids received were within the appropriated amount. Construction costs are not expected to increase by more than one percent per month. Thus allowing for such an increase, we recommend an appropriation of \$750,000 or a reduction of \$127,500.

Norco Food Service Facility

We recommend Item 473(d) be deleted for a reduction of \$4,740,600.

The budget contains \$4,470,600 for construction of a new food service facility at the California Rehabilitation Center, Norco. An appropriation of \$208,775 for working drawings was made in the Budget Act of 1977.

The Budget Bill request is based on insufficient information. Preliminary plans are not complete. Working drawings have not been started, and will not be ready by budget hearings. In view of the project status and because of its size and complexity we question if construction can be commenced during the budget year. Furthermore, the appropriate level

of funding cannot be determined until adequate drawings and specifications are complete. We, therefore, recommend deletion of this request for a reduction of \$4,740,600.

Norco—Replace Elevators

We recommend approval.

The budget proposes \$179,300 to replace two elevators in the administration building at the California Rehabilitation Center, Norco. The elevators, installed in 1929, have experienced numerous breakdowns and are currently inoperative. We agree with the need for this project. The scope and associated costs are reasonable, and we recommend approval.

Minor Capital Outlay

We recommend Item 473(f) be reduced \$403,630 by deleting the fuel oil projects.

The budget provides \$487,430 for minor capital outlay, of which \$403,630 is to provide additional fuel oil storage capacity at 11 correctional institutions. The department is requesting 18–22 days capacity to assure fuel supplies during periods of extended natural gas curtailment.

We have received inadequate justification for this project. We recognize that natural gas curtailments do occur. However, in a 1977 report to the Public Utilities Commission, the California natural gas suppliers predict a 100 percent level of service (through 1984) for priority class three customers. Prisons are included in priority class three. Consequently, we recommend the department reevaluate this proposal. Additional storage capacity may be needed at certain institutions. However, the budget proposal is arbitrary and unjustified. We, therefore, recommend deletion of this request.

The remaining minor capital outlay requests, totaling \$83,800 are justified and we recommend approval.

DEPARTMENT OF CORRECTIONS

Item 474 from the General

Fund

Budget p. 734

Requested 1978–79	\$4,000,000
Recommended reduction	4,000,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Site Acquisition and Preliminary Plans for New Facilities.*

1166

Reduce by \$4,000,000. Recommend transfer of request to Item 475.

DEPARTMENT OF CORRECTIONS—Continued

ANALYSIS AND RECOMMENDATIONS

Site Acquisition and Preliminary Plans for New Facilities

We recommend Item 474 be deleted, and the requested funds transferred to Item 475.

Item 474 proposes \$4 million for site acquisition and preliminary planning for new correctional facilities.

The Legislature appropriated \$375,000 in the Budget Act of 1977 (Item 410.1) to enable the Department of Corrections to study and recommend alternative solutions to the problems resulting from its crowded and deteriorated facilities. The report is to be submitted to the Legislature no later than April 1, 1978.

In addition, under the provisions of Item 11.1, Budget Act of 1977, the Legislature has retained a consultant to provide an independent analysis. The consultant's report will also evaluate the department's study, and will not be available prior to June 1, 1978.

We believe the requested \$4 million is premature and should not be approved until the Legislature has reviewed both reports and legislation has been enacted regarding prison facility needs. Item 475 of the Budget Bill provides a \$96 million reserve for construction of new correctional facilities, to be expended in the 1979-80, 1980-81, and 1981-82 fiscal years only upon reappropriation by the Legislature in the respective Budget Acts. We concur in the need for establishing such a reserve and we recommend that the requested \$4 million be deposited in the reserve under Item 475. In this manner the Legislature can review the entire correctional facilities program and determine the appropriate level of funding.

Further discussion of this issue is included in the Analysis of Item 475, page 1167.

DEPARTMENT OF CORRECTIONS

Item 475 from the General
Fund

Budget p. 734

Requested 1978-79	\$96,000,000
Recommended approval	96,000,000
Recommended augmentation	4,000,000
Net recommended approval	\$100,000,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
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1. *Reserve for New Facilities—Site Acquisition and Planning.* 1167
Augment by \$4 million. Recommend funds under Item 474 be transferred to Item 475.
2. Budget Language. Recommend Budget Bill language allowing expenditure of funds in 1978-79 if appropriated by the Legislature under specific legislation. 1167

ANALYSIS AND RECOMMENDATIONS

We recommend that Item 475, be augmented by \$4 million by incorporating the site acquisition and planning funds requested under Item 474.

Item 475 of the Budget Bill requests a \$96 million lump-sum appropriation for construction of new correctional facilities. Expenditures from the appropriation could be made in the 1979-80, 1980-81, and 1981-82 fiscal years if reappropriated by the Legislature in the Budget Acts of those years.

The Department of Corrections is currently studying alternative solutions to meet its programmatic and facility needs. A report on its findings must be submitted to the Legislature by April 1, 1978. In addition, the Legislature has retained a consultant to provide an independent analysis by June 1, 1978.

The need for appropriate planning and legislative review following submission of the reports precludes the expenditure of construction funds in the budget year. However, to ensure that adequate funds are available to meet future needs, it is prudent to establish the requested reserve. We, therefore, recommend approval of this request.

Further, we recommend that the request under Item 474 which includes a \$4 million appropriation for site acquisition and planning for new correctional facilities be transferred to Item 475. A separate appropriation for site acquisition and planning is unnecessary. One reserve for acquisition, planning, and construction should be established. The entire proposal can then be given adequate legislative review.

Budget Language

We recommend the Budget Bill language for Item 475 be modified to allow expenditure of site acquisition and planning funds in the 1978-79 fiscal year, provided an appropriation is made under specific legislation providing authorization for proposed facilities.

As proposed, Budget Bill Item 475 contains control language allowing expenditure of appropriated funds in the 1979-80, 1980-81 and 1981-82 fiscal years. Expenditures in the 1978-79 fiscal year are not allowed. However, if specific legislation authorizes the proposed facilities, the department might be able to expend site acquisition and planning funds in the 1978-79 fiscal year. Under this circumstance we believe it would be advisable to modify the control language to allow expenditures in 1978-79 if an appropriation is made under specific legislation providing authorization for new or altered facilities.

DEPARTMENT OF THE YOUTH AUTHORITY

Item 476 from the General
Fund

Budget p. 754

Requested 1978-79	\$4,234,600
Recommended approval	1,747,900
Recommended reduction	1,282,700
Recommendation pending	1,204,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
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1. *Replace water line—Preston School of Industry. Reduce by \$945,300. Recommend funding working drawings only.* 1168
2. *Rehabilitate Electrical Distribution System—Northern Reception Center. Reduce by \$337,400. Recommend funding working drawings only.* 1169
3. *Minor Capital Outlay. Withhold recommendation pending receipt of additional information.* 1169

ANALYSIS AND RECOMMENDATIONS

Construct Gymnasiums—Northern and Southern Reception Centers

We recommend approval.

The budget includes \$446,700, Item 476(a), and \$489,500, Item 476(c), to construct new gymnasiums at the Southern and Northern Reception Centers. Funds for working drawings were provided in the Budget Bill of 1977. The budget requests are based on partially-completed working drawings. The drawings and projects are appropriate, and we recommend approval.

Replace Water Line—Preston School of Industry

We recommend Item 476(b), working drawings and construct water line, be reduced by \$945,300 to fund working drawings only.

The budget contains \$995,300 to plan and construct a replacement water supply line at the Preston School of Industry. Currently, water is supplied to the institution by pipeline from Allan Reservoir. The pipe is above ground for a portion of its five-mile length, and is constantly leaking. Under the budget proposal, the existing system would be abandoned and replaced with a new pipe line 8,000 feet long, originating at the PG&E Water Treatment Plant in Ione.

We agree with the need for this work. However, the budget request is based on incomplete information. The route of the pipe has not been chosen and the department acknowledges that extensive rights-of-way for construction and maintenance must be acquired. An appropriate level of funding cannot be ascertained until these variables are eliminated.

We therefore recommend that only working drawings be funded in the 1978-79 fiscal year. During preparation of working drawings, the exact route and required rights-of-way can be determined, allowing the development of adequate information for budgeting. Working drawings for a

project of this magnitude should not exceed \$50,000. Therefore, we recommend that the budget request be reduced by \$945,300.

Rehabilitate Electrical Distribution System—Northern Reception Center

We recommend Item 476(d) be reduced \$337,400 by funding working drawings and preliminary plans only.

This proposal provides \$366,400 for planning and constructing the rehabilitation of the underground electrical distribution system at the Northern Reception Center-Clinic. The existing electrical distribution system was constructed in 1952. The department has experienced numerous power outages caused by deteriorating conductors. The budget proposal would replace conductors where needed.

We agree with the need for this work. However, the construction estimate is based on inadequate information. We recommend funding only preliminary plans and working drawings in the budget year. An accurate construction estimate based on the actual quantities of conductor and conduit to be replaced can then be prepared, and construction funding requested for 1979-80. Preliminary plans and working drawings for such a project should not exceed \$29,000. Consequently, we recommend a reduction of \$337,400.

Electrical Modifications—El Paso de Robles School

We recommend approval.

The budget proposes \$292,700, Item 476(e), for electrical modifications at the El Paso de Robles School. The work will consist of upgrading cottage electrical services, replacement of utility tunnel equipment, and installation of a dry-type transformer in the security cottage. Since construction of the school, the number of wards, and the type of electrical usage has changed drastically and the existing system is outmoded and inadequate. The requested work has been adequately identified and the associated costs are reasonable.

Replace Steamlines—Fred C. Nelles School.

We recommend approval.

The budget proposes \$440,000, Item 476(f), to complete the replacement of deteriorated steamlines at the department's Fred C. Nelles School. The department has been replacing broken sections of steam and condensate line on a piecemeal basis and has decided to request capital outlay funds for a complete replacement project. This should result in an improved distribution system at a more economical replacement cost. The scope and associated costs appear reasonable, and we recommend approval.

Minor Capital Outlay

We withhold recommendation pending receipt of additional information.

The Department of Youth Authority's minor capital outlay (\$100,000 or less per project) request contains projects totaling \$1,204,000. The budget proposal includes 62 projects. The basic requests appear reasonable, but the project cost information is inadequate to determine appropriate levels

DEPARTMENT OF THE YOUTH AUTHORITY—Continued

of funding. Additional information is being prepared, and until it is available, we withhold recommendation.

DEPARTMENT OF EDUCATION

Item 477 from the General
Fund

Budget p. 822

Requested 1978-79	\$62,000
Recommended approval	62,000

ANALYSIS AND RECOMMENDATIONS**Minor Capital Outlay**

We recommend approval.

This item includes one project for the Diagnostic School for the Neurologically Handicapped Children—Southern California. The project provides for the development of unimproved land adjacent to the school into playground and recreational areas. The Budget Act of 1977 provided \$8,000 under Item 413 to be used for planning this project. Planning has proceeded and the requested development and associated costs are reasonable.

DEPARTMENT OF EDUCATION

Item 478 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 821

Requested 1978-79	\$1,544,200
Recommended approval	1,508,665
Recommended reduction	35,535

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Construction Status Report. Recommend the Office of State Architect provide a current construction status report. 1171
2. Berkeley property. Recommend legislation be enacted declaring the Berkeley site surplus property. 1172
3. *Educational Center. Reduce by \$17,732.* Recommend reduction of equipment funds. 1172
4. *Health Care Unit. Reduce by \$17,803.* Recommend deletion of equipment funds. 1173

ANALYSIS AND RECOMMENDATIONS

This item represents the final phase of Capital Outlay funding to relocate the California schools for the deaf and blind from Berkeley to Fremont. Table 1 indicates the initial facility capacity for instructional and residential population and the master plan for potential future expansion.

Table 1
Facility Population Capacity for Schools for Deaf and Blind, Fremont

	<i>Design</i>		<i>Master Plan</i>	
	<i>School for Blind</i>	<i>School for Deaf</i>	<i>School for Blind</i>	<i>School for Deaf</i>
<i>Instructional:</i>				
Elementary (K-6)	—	100	—	150
Secondary (7-12)	—	350	—	450
Multihandicapped	150	50	150	50
Total Instructional	150	500	150	650
	<i>Design</i>		<i>Master Plan</i>	
	<i>School for Blind</i>	<i>School for Deaf</i>	<i>School for Blind</i>	<i>School for Deaf</i>
<i>Residential</i>				
Elementary (K-6)	—	100	—	135
Secondary (7-12)	—	250	—	250
Multihandicapped	150	50	150	50
Total Residential	150	400	150	435

The total capital outlay costs to relocate the schools will exceed \$43 million of which approximately \$1.5 million for new equipment is requested in the budget year. (The remaining amount has been appropriated in prior years). This amount is appropriated under Item 478 in accordance with a schedule identifying building types and associated equipment costs. The schedule includes \$272,397 for the School for the Blind, \$1,232,759 for the School for the Deaf and the Multihandicapped and \$39,044 for shared areas.

Construction Not on Schedule

We recommend that prior to budget hearings on this item, the Office of the State Architect (OSA) provide a current construction schedule indicating anticipated date of occupancy and detailing reasons for any delays in construction which have occurred since July 1, 1977.

In our Analysis of the 1977-78 Budget Bill we recommended that OSA and the Department of Education expedite the relocation of the Schools for the Deaf, Blind and Multihandicapped in order to allow occupancy of both schools by Fall 1978. During budget hearings the OSA indicated that because of the status of planning and design of the schools it was impossible to complete the project prior to Spring 1979. Consequently, the Supplemental Report of the Committee of Conference on the 1977-78 Budget Bill indicated that "it is legislative intent that the Fremont Special School be ready to be occupied no later than May 1, 1979." According to OSA construction schedules, to complete the project by May 1979, would require construction to begin no later than January 1978. However, as of mid-January, working drawings for the schools have not been completed and it is apparent that at the earliest, construction will not begin before April 1978.

DEPARTMENT OF EDUCATION—Continued

For several months the OSA has been providing a monthly status report on the project. In October, we indicated to the State Architect that we were concerned that the monthly reports indicated that the project was behind schedule. For example, in June 1977, the State Public Works Board approved construction funds for the residences and student development centers for the Schools for the Deaf and Multihandicapped. At that time, the OSA indicated that construction bids would be open on September 20, 1977. However, construction documents for the facilities were not completed until November and construction bids were not received until mid-January 1978. In addition, the October status report indicated that construction documents for the remaining facilities at the schools would be completed November 1977. In October, we requested the State Architect to provide assurance that the documents would be completed at that time. In response, the State Architect assured us that the remaining documents would be completed by December 1, 1977 but this has not been accomplished. We believe the OSA should provide a current status report to the Legislature and indicate what measures have been undertaken to assure that the facilities will be completed and ready for occupancy in May 1979.

Declare the Berkeley Site as Surplus Property

We recommend that legislation be enacted declaring the Berkeley site of the School for the Deaf and Blind to be surplus and directing the Director of the Department of General Services to sell the property and deposit the proceeds in the Capital Outlay Fund for Public Higher Education.

The existing School for the Deaf and Blind in northern California is located on approximately 130 acres in the City of Berkeley. The existing facilities should be vacated during the summer of 1979. Because of the time required to declare property surplus and then dispose of the property we believe it would be appropriate to begin the process as soon as possible. Because the funds for relocating the schools were appropriated from the Capital Outlay Fund for Public Higher Education (COFPHE) we recommend that all proceeds from the sale of the property be deposited in the COFPHE as an offset against the relocation costs.

Equipment—School for the Deaf and Multihandicapped

We recommend that Item 478(10), equip educational center be reduced by \$17,732.

The equipment list, provided by the Department of Finance, indicates that a total of 70 overhead projectors are requested for the educational center plus an additional 15 overhead projectors in the elementary school. Based on availability of existing equipment, the number of students to be enrolled and the capacity of the facilities, there has been no justification provided for such a large number of overhead projectors. Consequently, we recommend that the 70 projectors requested for the education center be deleted for a savings of \$17,732.

Equipment—Shared Areas

We recommend the deletion of Item 478(7), equip health care unit, a reduction of \$17,803.

The budget includes funds to equip a health care unit which will be shared by the schools. However, according to the latest Office of State Architect project status report, the architectural program for the health care unit has not been approved. Thus, architectural design of the unit has not proceeded and equipment needs cannot be determined. Until the program for the facility is approved by the Department of Education, the Administration and the Legislature, we believe it would be inappropriate to provide funds for equipment.

UNIVERSITY OF CALIFORNIA

Item 479 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 860

Requested 1978-79	\$18,173,000
Recommended approval	1,223,000
Recommendation pending	16,950,000

SUMMARY OF RECOMMENDATIONS

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|---|------|
| 1. Los Angeles. Withhold recommendation on Schoenberg Hall addition pending additional information. | 1177 |
| 2. Irvine. Withhold recommendation on greenhouse unit one completion pending additional information. | 1178 |
| 3. Irvine. Withhold recommendation on enclose engineering building, plaza level, pending additional information. | 1178 |
| 4. Santa Cruz. Withhold recommendation on completion of applied science building, first floor, step 2 pending additional information. | 1178 |
| 5. Davis. Withhold recommendation on alterations to educational data processing facility, pending additional information. | 1180 |
| 6. Santa Barbara. Withhold recommendation on central receiving and storehouse, pending additional information. | 1180 |
| 7. Riverside. Withhold recommendation on fuel oil storage facility, pending additional information. | 1180 |
| 8. Irvine. Withhold recommendation on addition of economizer units to the boilers at the central plant, pending additional information. | 1180 |
| 9. San Diego. Withhold recommendation on energy conservation, step 2, pending additional information. | 1180 |
| 10. Berkeley. Withhold recommendation on CAC deficiencies, School of Law Building, pending additional information. | 1181 |

UNIVERSITY OF CALIFORNIA—Continued

11. Irvine. Withhold recommendation on CAC deficiencies (Cal-OSHA), step 2, pending additional information. 1181
12. Riverside. Withhold recommendation on CAC deficiencies (elevators) pending additional information. 1181
13. Santa Barbara. Withhold recommendation on CAC deficiencies (elevators) pending additional information. 1181
14. Davis. Withhold recommendation on replacement of seismically deficient patient care facilities at the Sacramento Medical Center pending additional information. 1181
15. Irvine. Withhold recommendation on CAC deficiencies, step 2, (health sciences), pending additional information. 1185
16. San Francisco. Withhold recommendation on fuel oil storage facility pending additional information. 1185

ANALYSIS AND RECOMMENDATIONS

The University of California, capital outlay program, totals \$29,697,000 in 5 items, as summarized in Table 1.

Table 1
University of California
Summary of Capital Outlay Program in 1978/79
Budget Bill

<i>Item</i>	<i>Budget Bill Amount</i>	<i>Fund</i>	<i>Analysis Page</i>
479	\$18,173,000	COFPHE ^a	1173
480	4,800,000	COFPHE	1185
481	200,000	COFPHE	1184
482	224,000	COFPHE	1186
521	6,300,000	Bonds ^b	1232
Total	\$26,697,000		

^a Capital Outlay Fund for Public Higher Education

^b Health Science Facilities Construction Program Fund

Seismic Safety Policy

The Supplemental Report of the Committee on Conference related to the Budget Act of 1976 included language requesting the Seismic Safety Commission to undertake a study to determine the need for a statewide seismic safety program. In January 1977, the commission transmitted a report which included "a methodology for use in evaluating the relative earthquake hazard from state-owned buildings." At that time, the commission indicated that additional field testing information was necessary in order to validate or modify the proposed methodology. The commission has nearly completed the field test program and the final methodology should be available prior to budget hearings.

The University's 1978-81 capital improvement program, as approved by the Regents, indicates a systemwide seismic safety rehabilitation proposal totaling in excess of \$100 million. The university has not included these projects in its request for state funding 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 on the commission's report and implementation of a statewide policy on seismic safety.

Proposed 1978-79 Major Capital Outlay Program

For purposes of discussing related university proposals we have included projects contained in Items 479 and 481 in the following discussion. We have also divided the projects into five descriptive categories. A discussion of each category and our recommendations for the individual projects follows.

A. University-wide Projects

We recommend approval of the two projects under this category, Item 479(1), project programing and preliminary plans, and Item 479(2), engineering and environmental planning studies.

Programing and preliminary plans—\$250,000. Budget language under Item 479(1) provides (a) a maximum of \$75,000 for 1979-80 utility and site development projects and programing/cost benefit analysis of projects to be proposed in the 1980/81 budget request, and (b) \$175,000 for preliminary planning for those working drawings or working drawings/construction projects which are in the 1979-80 Governor's Budget. Similar language concerning the expenditure of this category of funds has been included in each Budget Act since 1975. Expenditures of funds in this manner provides improved project programing and expedites approved projects.

Engineering and environmental planning studies—\$65,000. This item would fund (1) utility studies to determine necessary upgrading of utility systems and/or use of new techniques for the operations of existing utility networks, (2) a study of systemwide needs concerning safe operation of fume hoods. These studies are funded on a universitywide basis because they are not related to individual capital projects.

B. Projects Related to Instructional Capacity Space

This category contains 6 projects totaling \$1,819,000. A list of the projects and our recommendations for each are contained in Table 2, on page 1176.

San Diego—Third College Academic Unit Two

We recommend approval of Item 479(3), equip third college academic unit two, and Item 479(4), working drawings and construct utilities and site development, third college academic unit two.

Construction funds for third college academic unit two were provided in the Budget Act of 1977. The project is scheduled to be under construction by March 1978, and completed in August 1979. The projects proposed in the Budget Bill will provide the necessary equipment and utilities (electrical, sewer, water, etc.), to make the facilities operable. The current request is the final phase of providing consolidated physical space for the college. In addition, completion of these facilities will round out the San

UNIVERSITY OF CALIFORNIA—Continued

Table 2
University of California
Projects Related to Instructional
Capacity Space

<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>
479(3)	Third College Academic Unit 2.....	e	San Diego	\$325,000	\$325,000	0
479(4)	Third College Academic Unit 2 Utilities and Site Development	wc	San Diego	583,000	583,000	0
479(7)	Schoenberg Hall Addition.....	pw	Los Angeles	322,000	Pending	\$6,000,000
479(8)	Greenhouse Unit 1, Completion	wce	Irvine	244,000	Pending	0
479(9)	Enclose Engineering Building Plaza Level	wce	Irvine	199,000	Pending	0
479(10)	Completion of Applied Science Building, First Floor, Step 2....	wc	Santa Cruz	146,000	Pending	0
TOTAL.....				\$1,819,000	\$908,000	\$6,000,000

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

^b University estimate.

Diego College Cluster concept. The campus has no plans to build more new space although over the long term, rehabilitation or replacement of existing facilities housing fourth college may be necessary.

Recommendations Withheld

We withhold recommendations on Items 479(7) through 479(10), pending additional information.

Los Angeles—Schoenberg Hall Addition. This proposal provides planning and working drawing funds for a 43,200 square foot addition to the existing music building, plus alterations to approximately 20,800 square feet. The estimated building construction costs are \$3.8 million and \$1.2 million, respectively. The estimates reflect an excessively high cost of nearly \$90 per square foot for new space and \$60 per square foot for alterations. In comparison, the California State University and College system cost guides for similar space reflect \$71 per square foot for new space. Under most circumstances, the state has not supported alterations which exceed two-thirds the cost of a new building. Thus, based on the CSUC cost guidelines, supportable alteration costs should not exceed \$48. Consequently, we believe the design of any future new space and alterations should be reduced to a construction cost of \$3.1 million and \$1 million, respectively. We have discussed this concern with representatives of the university and have been assured that the estimated construction cost will be thoroughly re-evaluated and additional information provided prior to budget hearings.

In addition to the apparent high construction costs, we question the desirability of proceeding with the project as currently planned. The amount and type of new space and the magnitude of alterations is excessive. For example, the new addition would, in part, include (1) 64 new music practice rooms, (2) 51 academic offices plus administrative offices, (3) a large media center research laboratory and (4) increased space for the ethnomusicology program. The proposed alterations include virtually reconstructing the entire basement area plus adding air conditioning to the existing building.

The need for 64 music practice rooms is justified. The basement of the existing music building includes 68 spaces which had originally been constructed and justified for use as music practice rooms. However, because of reassignment by the Los Angeles campus, only 28 rooms are used exclusively for student practice, 9 have been converted to "dressing rooms/instrument practice" and others are being used as faculty offices and storage. The current proposal would provide all new music practice rooms in the building addition, and demolish the entire basement area to provide storage, dressing rooms, a recording laboratory, and an electronic music studio. We question the desirability of demolishing 68 music practice rooms and constructing 64 in a new building. We have discussed this with university representatives, and they are re-evaluating this part of the program.

We have also requested additional information on the need for 51 additional academic offices plus administrative offices. Based on university information regarding existing space, it appears that the requested aca-

UNIVERSITY OF CALIFORNIA—Continued

demic office space is nearly double the amount necessary for the current faculty.

In addition, we have requested the university staff to re-evaluate the need for various laboratory spaces (i.e., media center research, ethnomusicology) which appear unduly large.

We also question the desirability or need to add air conditioning to the existing building. In view of the emphasis on and the need to conserve energy, we believe the inclusion of air conditioning is inappropriate.

We have been assured by the university staff that the areas in question will be thoroughly re-evaluated and that additional information and appropriate adjustments will be available prior to budget hearings. Therefore, we withhold our recommendation concerning the proposal for the addition and alterations to Schoenberg Hall at Los Angeles.

Greenhouse Unit I Completion—Irvine Campus. This proposal will provide a 4,680 square foot greenhouse addition plus associated alterations to the headhouse. The additional greenhouse space will provide for development and study of plant materials necessary for undergraduate programs and graduate research on the Irvine campus. The use for the facilities is justified. However, under language contained in the Budget Act of 1977, preliminary planning funds for projects are not available until they have been approved for inclusion in the Governor's Budget. This funding procedure was established to (1) expedite projects and (2) enable proper budgeting. The University has initiated the planning phase of the projects, and the information should be available prior to budget hearings.

Enclosed Engineering Building, Plaza Level—Irvine Campus. This project will provide approximately 3,500 square feet for undergraduate class laboratory computer instruction and support activity space. The new space will be provided by enclosing four open bays on the plaza level of the engineering building. The need for the space is justified. However, the University has recently initiated the planning phase of the projects and the necessary information for proper budgeting should be available prior to budget hearings. Consequently, we withhold recommendation of the requested amount.

Completion of Applied Science Building, First Floor, Step 2—Santa Cruz Campus. This proposal will complete approximately 3,000 square feet of unfinished space within the applied sciences building. The space will provide an undergraduate teaching laboratory, two graduate research laboratories, academic offices, and graduate student offices for the Earth Sciences program. The additional space is needed to accommodate the undergraduate majors in Earth Sciences, which have approximately doubled in three years. 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.

Table 3
UNIVERSITY OF CALIFORNIA
Projects for Ancillary Facilities and 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 Costs^b</i>	<i>Estimated Annual Savings^b</i>
479 (11)	Alterations to educational data processing facility	wc	Davis	\$115,000	Pending	0	0
479 (12)	Central Receiving and storehouse	wc	Santa Barbara	612,000	Pending	0	0
479 (13)	Fuel oil storage facility	wc	Riverside	140,000	Pending	0	0
479 (19)	Addition of economizer units to the boiler in the central plant	wc	Irvine	208,000	Pending	0	\$48,508
479 (20)	Energy Conservation—Step 2	wc	San Diego	294,000	Pending	0	\$131,800
TOTAL				<u>\$1,369,000</u>	Pending	0	\$180,308

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

b. University estimate.

UNIVERSITY OF CALIFORNIA—Continued**C. Projects for Auxiliary Facilities and Energy Conservation**

This category contains four projects, two for auxiliary facilities, and two related to energy conservation. A list of the projects and our recommendation for each are contained in Table 3 on page 1179.

Recommendations Withheld

We withhold recommendation on items 479(11), 479(12), 479(13), 479(19), and 479(20) pending additional information.

The projects included in this category are justified on a programmatic basis. However, because of the procedure for releasing planning funds, the University has not completed preliminary plans and cost estimates for each project. This is not a delay on the part of the University, but is a part of the previously outlined procedure which has resulted in improved budgeting and expedited projects. The information should be available prior to budget hearings. A brief description of each project follows.

Alterations to educational data processing facility—Davis campus.

This project will provide a waterproof membrane ceiling to protect computer equipment in the basement of the biological sciences building, and will upgrade the lighting and accoustical treatment in office areas.

Central Receiving and Storehouse—Santa Barbara Campus. This will provide a 17,000 square foot facility to house the campus receiving, storage and material distribution functions. These functions are currently housed in inadequate space totaling 5,255 square feet. Because of limited amount of space, the campus is not able to take advantage of bulk-purchase discount rates.

Fuel Oil Storage Facility—Riverside campus. This proposal will provide underground storage for 100,000 gallons of fuel oil plus necessary piping to the central plant. The project will also demolish three above-ground storage tanks that because of age have deterioriated to a condition of disrepair.

Addition of Economizer Unit to Boilers at Central Plant—Irvine Campus. This proposal will increase efficiency of the boilers in the central plant and, as a result, will save the equivalent of approximately 160,000 gallons of fuel oil per year. Based on the average cost of fuel, the savings will "pay back" the estimated cost of the project in approximately five to seven years. We concur with energy conservation measures of this type, and the payback period indicates a substantial energy savings for the funds invested.

Energy Conservation Improvement, Step 2—San Diego Campus.

This proposal will also modify the central boiler plant system by adding economizers to three boilers and improve the chilled water distribution system by increasing the efficiency of the chilled water pumps. The University has estimated that the energy savings related to the boiler modifications is approximately 265,000 gallons of fuel oil annually and the chilled water system modifications will result in electrical energy savings in excess of 1.1 million kilowatt hours annually. Based on the estimated energy

savings, the cost of this project is "paid back" in less than three years.

D. Projects to Correct Code Deficiencies

This category contains 4 projects for the correction of building code deficiencies concerning the California Administrative Code (CAC), Cal-OSHA and access for the physically handicapped. A list of the projects and our recommendations for each are contained in Table 4 on page 1182.

Recommendations Withheld

We withhold recommendation on Item 479(14) and 479(16) through 479(18), pending additional information.

The work proposed under these items includes improving electrical and ventilation systems, correcting ingress/egress deficiencies, and providing access for the physically handicapped. We have reviewed the projects and concur with the need for each. The University has implemented the planning phase of the projects, and the necessary preliminary plans and cost estimates should be available prior to budget hearings.

E. Projects for the Health Sciences

This category contains four projects related to the health science program at the University of California. Prior to this year, such projects have generally been funded from the Health Sciences Bond Fund. However, if the Governor's Budget is approved the Health Science Bond Fund (Item 521) will be nearly depleted. Consequently, funding for several projects in the budget year, and for most projects in future years, must come from sources other than the bond fund (i.e., COFPHE). The health science projects proposed for funding from the COFPHE and our recommendation regarding each is summarized in Table 5 on page 1183.

Proposed Projects at the Sacramento Medical Center

We withhold recommendation of Item 479(5), construction replacement of seismically deficient patient care facilities, pending additional information.

We further recommend approval of Item 481, acquisition Sacramento Medical Center.

Replacement of seismically deficient patient care facilities. The Budget Bill includes \$13,377,000 for construction of a 103,000 square foot addition to house patient beds and other patient care and support activities which must be relocated out of the seismically hazardous north/south wings of the Sacramento Medical Center (SMC). In addition, the project will provide for directly related alterations in existing areas within the main hospital structure.

The Budget Act of 1977, under Item 446(17), included \$260,000 for the preparation of working drawings for the proposed project. As of late Janu-

UNIVERSITY OF CALIFORNIA—Continued

Table 4
University of California
Projects to Correct Code Deficiencies

<i>Item</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Cost^b</i>
479(14)	School of Law Building—CAC ^c deficiencies.....	wc	Berkeley	\$163,000	Pending	0
479(16)	CAC—deficiencies (Cal-OSHA), Step 2	wc	Irvine	207,000	Pending	0
479(17)	CAC—deficiencies (elevators)	wc	Riverside	136,000	Pending	0
479(18)	CAC—deficiencies (elevators)	wc	Santa Barbara	242,000	Pending	0
TOTAL				\$748,000	Pending	0

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

^b University estimate.

^c California Administrative Code.

Table 5
University of California
Projects for the Health Sciences

<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>
479 (5)	Sacramento Medical Center—Replacement of seismically deficient patient care facilities	c	Davis	\$13,377,000	Pending	0
481	Sacramento Medical Center	a	Davis	200,000	200,000	1,800,000
479 (15)	California Administrative Code deficiencies Step 2, (health sciences)	wc	Irvine	273,000	Pending	0
479 (6)	Fuel Oil Storage Facility	wc	San Francisco	272,000	Pending	0
TOTAL				\$13,849,000	\$200,000	\$1,800,000

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

^b University estimate.

UNIVERSITY OF CALIFORNIA—Continued

ary preliminary plan drawings have not been completed and as a result the working drawing phase has not begun. Because these data are not available, we cannot substantiate the requested construction amount and withhold recommendation pending receipt of this information.

In addition, the university's project schedule indicates that approximately 16 months will be required after completion of preliminary plans before construction can begin. If this schedule is accurate, construction of the new facility could not begin prior to fiscal year 1979-80. Furthermore, the Department of Health has not yet approved the proposed project, as is required under the Health Planning provisions of Chapter 854, Statutes of 1976 (AB 4001). In view of the current status of the project, appropriation of construction funds in the budget year may be premature.

Acquisition—Sacramento Medical Center. The Budget Bill includes \$200,000 under Item 481 to provide the first installment to purchase the county's interest in the SMC land and buildings. The requested amount is in accord with a new agreement, dated August 17, 1977, between the County of Sacramento and the University providing for University's continued operations, ownership and control of the SMC.

The new agreement which is effective July 1, 1978 through June 30, 1988, provides that the University must purchase the county's interest (base value of \$10 million) if the agreement is terminated on or before June 30, 1988. The agreement also provides that the University may make prepayment to the county for the county's interest under the following provisions:

"If the State of California budgets and makes available to the University funds therefor, the University shall prepay the county for a portion of the value of the interest in the medical center complex in the amount of \$200,000 for each fiscal year during which this agreement remains in effect, commencing with the fiscal year which begins July 1, 1978."

If the University makes all ten annual prepayments, the value of the county's interest which would be required to be paid if the agreement is terminated June 30, 1988 would be \$6,687,942. This amount is based on the value of the annual prepayments at a rate of 9 percent per year compounded.

The new agreement also provides that if a new or amended agreement is entered into by June 30, 1987, the county's interest value would be decreased by 10 percent for each fiscal year between June 30, 1988, and the effective date of termination of the new or amended agreement. Consequently, the University could become the sole owner of the SMC by June 30, 1995 if all prepayments are made and a new agreement effective through 1995 is entered into by June 30, 1987. Under these conditions the University, through the state, would pay the county a total of \$2 million for the county interest in SMC plans and buildings, and we recommend approval of the initial prepayment amount of \$200,000.

Irvine Campus

We withhold recommendation on Item 479(15) working drawings and construct California Administrative Code deficiencies, step 2, (health sciences), pending additional information.

This project would alter 16 buildings at the University of California, Irvine Medical Center to bring them into compliance with current code regulations. The project will provide the necessary safety equipment in laboratory and high hazard areas, safety rails for workmen, etc. We concur with the proposed program, however, adequate information to substantiate the requested amount has not been developed. This information should be available prior to budget hearings.

San Francisco Campus

We withhold recommendation on Item 479(6), working drawings and construct fuel oil facility, pending additional information.

This project would provide an additional 150,000 gallon storage capacity for stand-by fuel oil. Upon completion the campus will have a storage of 175,000 gallons which should provide approximately 15 days of operation on fuel oil. At present the campus normally uses natural gas for its primary fuel for space heating, sterilization and bacteria control, hot water heating, laundering, etc. However, the Public Utilities Commission expects that large users including all university campuses will be required to burn oil as a primary fuel in two to three years. We concur with the proposal. However, adequate documentation has not been prepared to substantiate the requested amount and until this information is received, we withhold recommendation.

UNIVERSITY OF CALIFORNIA

Item 480 from the Capital
Outlay Fund for Public
Higher Education

Budget p. 860

Requested 1978-79	\$4,800,000
Recommended approval	\$4,800,000

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.

UNIVERSITY OF CALIFORNIA

Item 481 from the Capital
Outlay Fund for Public
Higher Education

Budget p. 865

Requested 1978-79	\$200,000
Recommended approval	200,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

To provide a consolidated presentation of related University projects we have incorporated the discussion of this item under Item 479, page 1184.

This item includes \$200,000 for the first installment to purchase the county's interest in the Sacramento Medical Center (SMC) land and buildings. The requested amount is in accord with a new agreement, dated August 17, 1977 between the County of Sacramento and the University, providing for the University's continued operation, ownership and control of the SMC. This complex is the major teaching hospital for the Davis campus medical school.

UNIVERSITY OF CALIFORNIA

Item 482 from the Capital
Outlay Fund for Public
Higher Education

Budget p. 860

Requested 1978-79	\$224,000
Recommended approval	224,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item contains working drawing funds for 9 projects at six campuses. Seven projects are related to correction of code deficiencies (i.e., Cal-OSHA, California Administrative Code) and two are related to energy conservation. The projects are justified, and planning for the projects should proceed into the working drawing phase.

Federal Funds

Budget Bill language under this item indicates that funds are provided for these projects in anticipation of federal funds being available for construction. During the current year, federal funds were made available to the state under the Public Works Employment Act of 1976 (PWEA). The Legislature was advised of these funds and proposed expenditures through the requirements of Section 28 of the Budget Act of 1977. Howev-

er, because of specific federal requirements and state administrative procedures, the Legislature did not have adequate opportunity to review the proposed expenditures. A summary of the federal PWEA program is included under the capital outlay summary, page 1105.

It is our understanding that the Department of Finance has included this item and the Budget Bill language in order to (1) provide adequate legislative review and (2) assure that proper planning has been undertaken, so that adequate federal funding is requested when such funds are available. We concur with this proposal and recommend approval.

HASTINGS COLLEGE OF LAW

Item 483 from the Capital
Outlay Fund for Public
Higher Education

Budget p. 880

Requested 1978-79	\$7,695,000
Recommended approval	106,000
Recommendation pending	7,589,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Academic Facilities Building. Withhold recommendation on construction funds pending receipt of preliminary plans. 1188

ANALYSIS AND RECOMMENDATIONS

The budget includes \$106,000 for working drawings and \$7,589,000 for construction to provide an 84,000 assignable square foot (asf) academic facilities building for Hastings College of Law. The Budget Act of 1977 provided \$1,075,000 under Item 417 for site acquisition (\$800,000) and preliminary plans (\$275,000). The site has been purchased and preliminary plans are underway.

During budget hearings on the 1977 Budget Bill, the Legislature expressed concern that the community had not been provided adequate opportunity to review and comment on the project and that the environmental impact report (EIR) had not been completed. Consequently, funds requested for demolition of existing buildings on the site to be acquired were denied with legislative expression that the community should participate in planning the project through the EIR procedure. It is our understanding that this has occurred and the EIR has been completed and approved under the requirements of the Environmental Quality Control Act.

Federal Public Works Employment, Title I Funds

In September 1977, the college received a \$4,250,000 federal grant under the Public Works Employment Act of 1976. This grant includes funds to demolish existing structures, prepare working drawings and construct a 46,315 asf service element building. This building will be combined with the requested academic facilities and will be the lower level floors. Con-

HASTINGS COLLEGE OF LAW—Continued

struction of the federally funded portion does not obligate construction of the academic facilities. However, for economical and logistical reasons, if the academic facilities are to be built within the next two years, the two portions should be bid and constructed by the same contractor.

Construction Costs Excessive

We withhold recommendation on the Item 483 (2), request to construct an academic facilities building, pending receipt of completed preliminary plans.

The requested \$7,589,000 for construction of an academic facilities building represents a 15 percent increase in the planning budget as presented during the 1977-78 budget session. Based on current construction cost information, an increase of this magnitude is not justified. In addition, because the federal portion is an independent structure and, in effect, is the basic structural support for the academic facilities, costs for the structural portion should be less than a separate building. Based on this and on our review of advanced schematic plans, it appears that the amount requested for construction is \$300,000 to \$500,000 too high. The college staff has assured us that every effort will be made to reduce the cost during development of preliminary plans. Consequently, we withhold recommendation until we have received and reviewed the preliminary plans and specifications.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 484 from the Capital
Outlay Fund for Public
Higher Education

Budget p. 901

Requested 1978-79	\$4,508,000
Recommended approval	2,232,000
Recommended reduction	678,000
Recommendation pending	1,598,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Reduce enrollments at three campuses. Recommend Chancellor's Office gradually reduce enrollments at the Long Beach, Northridge, and San Luis Obispo campuses to the level of existing and funded capacity, unless it is preferable to continue at the 1977-78 enrollment level without any additional instructional capacity space. 1190
2. Instructional capacity space. Recommend Chancellor's Office provide a detailed report indicating changes resulting in loss of instructional capacity space. 1193
3. Instructional capacity space. Recommend a new section be added to Budget Bill requiring the Chancellor's Office to receive approval prior to changing instructional capaci- 1193

- ty space into non-instructional capacity space.
4. Bakersfield. Withhold recommendation on equipment, fine arts building, pending additional information. 1197
 5. Bakersfield. Withhold recommendation on equipment, outdoor physical education facility II, pending additional information. 1197
 6. Dominguez Hills. Withhold recommendation on equipment, physical education facility, pending additional information. 1197
 7. *Long Beach. Reduce by \$42,000.* Recommend deletion of equipment for nursing building addition. 1197
 8. Sacramento. Withhold recommendation on equipment, classroom office building, pending additional information. 1197
 9. San Luis Obispo. Withhold recommendation on equipment, life science building, pending additional information. 1197
 10. Stanislaus. Withhold recommendation on equipment, physical education facility, pending additional information. 1197
 11. Northridge. Withhold recommendation on working drawings, energy (utilities) conservation system pending additional information. 1198
 12. San Diego. Withhold recommendation on working drawings for energy (utilities) conservation system pending additional information. 1198
 13. San Luis Obispo. Withhold recommendation on working drawings for energy (utilities) conservation system pending additional information. 1198
 14. *Bakersfield. Reduce by \$15,000.* Recommend deletion of preliminary plans for primary electrical service. 1200
 15. *Humboldt. Reduce by \$157,000.* Recommend that the scope of the science building be reduced. 1200
 16. *Fresno. Reduce by \$244,000.* Recommend deletion of working drawings and construction for conversion of science building. 1202
 17. San Bernardino. Withhold recommendation on working drawings and construction for conversion of initial building (fine arts), pending additional information. 1203
 18. San Francisco. Withhold recommendation on construct and equip outdoor physical education facilities, pending additional information. 1204
 19. *Long Beach. Reduce by \$220,000.* Recommend deletion of utilities 1978, working drawings and construct. 1204

ANALYSIS AND RECOMMENDATIONS

The California State University and Colleges (CSUC) Capital Outlay Program totals \$10,399,000 under four items funded from the Capital Outlay Fund for Public Higher Education (COFPH). Item 484 contains \$4,508,000 for 24 major capital outlay proposals. Item 486 (page 1206)

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

contains one item for \$1,180,000 and 487 (page 1207) contains \$311,000 for nine planning/working drawing projects. Item 485 (page 1205) contains \$4,400,000 for minor (\$100,000 or less) capital outlay projects.

Redirection Study

We recommend that the Chancellor's Office gradually reduce enrollments at the Long Beach, Northridge and San Luis Obispo campuses to the level of existing and funded capacity unless the Chancellor's Office, in consultation with the campus, concludes that it is preferable to continue at the 1977-78 enrollment level without any additional instructional capacity space.

For the CSUC system as a whole, existing and funded capacity exceeds both current and projected peak enrollment during the 1980's. Table 1 provides a campus-by-campus breakdown of total instructional FTE capacity compared to the 1977-78 FTE enrollment (as discussed on page 1193, we have a concern regarding the apparent decrease in reported instructional capacity space). Table 1 indicates that three campuses, Long Beach, Northridge, and San Luis Obispo, have enrollments in excess of existing capacity. However, other campuses such as Hayward and Los Angeles are clearly over-built.

Table 1^a

**The California State University and Colleges
Comparison of Campus FTE Enrollment Capacity with Campus FTE Enrollment**

State University/College	Existing and Funded FTE Capacity ^b	Campus FTE Enrollment (1977-78)	Excess or Deficit (-) FTE Capacity	Percent Excess or Deficit (-)
Bakersfield	3,418	2,211	1,207	35
Chico	11,647	10,668	979	8
Dominguez Hills	6,364	4,408	1,956	31
Fresno	13,526	11,316	2,210	16
Fullerton	15,108	13,702	1,406	9
Hayward	11,689	6,985	4,704	40
Humboldt	6,586	6,132	454	7
Long Beach	20,224	20,693	-469	-2
Los Angeles	19,997	14,021	5,976	30
Northridge	17,013	17,664	-651	-4
Pomona	12,031	10,576	1,455	12
Sacramento	16,189	14,670	1,519	9
San Bernardino	3,491	2,899	592	17
San Diego	22,375	20,831	1,544	7
San Francisco	16,064	15,992	72	0
San Jose	21,440	18,130	3,310	15
San Luis Obispo	12,055	13,426	-1,371	-11
Sonoma	5,677	4,046	1,621	28
Stanislaus	3,654	2,358	1,296	35
TOTAL	238,538	216,468	27,810	12

^a Data provided by the Chancellor's Office

^b Includes buildings classified "temporary" by the campus.

In our 1976-77 Analysis we indicated that because of excess instructional space system-wide, any potential campus overcrowding during peak en-

rollments in the 1980's 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. Specifically, we recommend that the Chancellor's Office adopt a policy that would:

1. Permit all students to attend local CSUC campuses if they choose to do so;
2. Require only the redirection of a limited number of applicants, with no effect upon presently enrolled students;
3. Be sensitive to student's program needs as well as geographic needs; and
4. Permit flexibility to alter existing space or provide specialty space (theaters, etc.) to meet the changing patterns of student interests, or to construct new facilities for systemwide impact and programs.

In response to our recommendation, the Legislature included in the Supplemental Report of the Committee of 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 programatic and geographic needs of the students," and report to the Joint Legislative Budget Committee by November 15, 1976.

The CSUC report dated January 21, 1977, was not responsive to the supplemental report request in that it provided no alternatives to the then-existing policy. Consequently, the Legislature directed the CSUC to submit a report "which complies with legislative intent on redirection" as expressed in the 1976-77 supplemental report.

CSUC submitted a response on December 15, 1977. The latest report represents a major step towards meeting the legislative intent expressed in the 1976-77 supplemental report, and specifics of our recommendation. The report contains nine guidelines, the five most important of which are:

1. Enrollment allocations beyond existing and funded capacities which would generate the need for planning and constructing new general instructional facilities will not be made.
2. Enrollment allocations at San Luis Obispo, Northridge and Long Beach will be held at or below the level of 1977-78 (FTE academic year enrollment).
3. No new capital outlay for general instructional capacity will be requested for those campuses with excess capacity until it is completely justified on the basis of system-wide needs or enrollment pressures not amenable to redirection or diversion.
4. The addition of specialized facilities and the remodeling of facilities during this period is appropriate when justified. Campuses with a current deficit in general instructional capacity may request additional capacity projects as justified.
5. Student applications to a campus in excess of enrollment quotas will be redirected to a campus offering a similar program to that re-

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

requested by the applicant. Application will not be routinely returned to the applicant, but will be routed to the campus of second or third choice, directly. If no alternative choices are listed, the respective campuses will provide redirection advice and counsel to the prospective applicant. The system will track all redirected applicants within the CSUC.

The Chancellor's Office indicates that appropriate steps are already being taken to implement the report and that "partial implementation can be expected toward the end of the academic year."

Future Implications. The five guidelines have significant implications for future construction of instructional facilities. By limiting enrollment applications to existing and funded capacity, there should be a gradual move towards balancing utilization of existing system-wide facilities. The practical effect for, say, San Francisco State, which has facilities for 16,064 FTE and a 1977-78 FTE campus enrollment of 15,992 will be to hold enrollment at the existing level. Conversely, Hayward State which has an FTE capacity of 11,689 but a 1977-78 campus enrollment of only 6,985 FTE, will be authorized to grow by 4,704 FTE (up to its existing physical capacity).

Balancing Capacity. While we support the general conclusions of the CSUC response, we have certain reservations related to implementation. Our primary concern focuses on the capital outlay implications at the three campuses with FTE in excess of instructional capacity (that is, Long Beach, Northridge, and San Luis Obispo—see Table 1 on page 1190). Under the guidelines of the report, enrollment allocations at these three campuses are to be held at or below the level of 1977-78 academic year FTE enrollment. Because of the limitation on new construction (guideline number three) applies only to those campuses with excess capacity, the CSUC policy permits new construction at the three campuses. We do not support an exception for these campuses.

The CSUC guidelines are based on a policy of system-wide needs, and we believe they should be applied consistently. We see no reason to construct new general instructional facilities for Long Beach while neighboring campuses have significant excess capacity. Rather, we would recommend that Long Beach, Northridge, and San Luis Obispo begin a phase-down of enrollment to existing capacity. This would be consistent with the policy covering the other 16 campuses. By adjusting the number of freshman applicants and transfer students admitted, this phase-down could be accomplished gradually over a four-year period, with no dislocation of existing students.

It should be noted that this four-year reduction would average much less than that which occurs on some campuses in one year as a result of normal enrollment shift. For example, both the Fullerton and San Diego campuses were more than 500 FTE below their budgeted enrollment for 1977-78.

We strongly believe that existing over-enrollments should not be used to justify the construction of new general instructional facilities at the three campuses. However, we also recognize that the campuses are currently operating at a deficit of from only 2 to 11 percent of the amount of

space generated by a strict application of formulas, and with apparently no major negative impact on programs. Thus, we believe that if the Chancellor's Office and the campuses determine that continued operation at the 1977-78 enrollment level (within existing facilities) is an option preferable to enrollment reduction, they should be authorized to do so.

Loss of Instructional Capacity Space

We recommend that, prior to budget hearings on the CSUC capital outlay program, the Chancellor's Office provide a detailed report indicating all changes resulting in the loss of instructional capacity space which have occurred over the past ten years.

We recommend further that a new section in the Budget Bill be included requiring the Chancellor's Office to receive approval of the Department of Finance and to provide 30-days written notification to the Legislature prior to changing instructional capacity space into non-instructional capacity space.

For the past several years, we have included in our Analysis a table summarizing the full-time equivalent (FTE) physical capacity needs compared to existing. We have not included the table this year because space information provided by the Chancellor's Office reveals that many unexplained changes in physical capacity have occurred. Information recently provided, reflecting changes in 1976/77 and 1977/78, indicates a significant loss of instructional capacity space. For example, reported instructional space in recently-completed buildings does not reflect the state funded scope of the building, and other space has been reclassified to non-instructional capacity. For the most part, the reason for such changes has not been indicated. Table 2 provides a sampling of the problem.

Table 2
California State University and Colleges
Sampling of Lost Instructional Capacity Space

<i>Campus</i>	<i>Building</i>	<i>State Funded Capacity (FTE)</i>	<i>Reported Capacity (FTE)</i>	<i>Lost Capacity (FTE)</i>	<i>Reason for Change</i>
Bakersfield	Science II	542	522	20	None
Fullerton	Education/ classroom	2,464	2,310	154	None
Hayward	Campuswide	—	—	305	Changed to un- identified non- capacity
Long Beach	Classroom/ Faculty Office	1,858	1,679	179	None
Pomona	Science	1,508	1,430	78	None
Total Lost.....				736	

Table 2 represents a sampling and because information from prior years is not available, we are uncertain of the magnitude of the problem. However, table 2 is indicative that the difference between state funded capacity and reported capacity may be substantial. The Chancellor's Office should provide a detailed report indicating all changes over the past 10-years which have reclassified instructional space as non-instructional

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

space. Part of the Chancellor's Office responsibility is to monitor changes in physical space at the campuses. Consequently, the requested information should be readily available, and the Chancellor's Office should be able to provide the report prior to budget hearings on the CSUC Capital Outlay Program.

Instructional capacity space generally is justified on the basis of existing capacity versus the need demonstrated by enrollment. Therefore, it appears that many buildings are justified on one basis and immediately upon occupancy are used for activities that were not presented to the administration or the Legislature for construction funding. In order to assure that such changes do not affect the capital outlay needs, the Department of Finance should approve any physical space classification changes from instructional capacity to non-instructional capacity. This will not affect the campuses' flexibility to reclassify within instructional capacity space to meet changing program needs. Thus, we recommend addition of a new control section requiring the Department of Finance to approve changes from instructional capacity space to non-instructional capacity space, with any such approval to be presented to the Legislature for a 30-day review prior to implementation.

Seismic Safety Policy

The Supplemental Report of the Committee of Conference Related to the 1976-77 Budget Bill included language requesting the Seismic Safety Commission to undertake a study to determine the need for a statewide seismic safety program. In January 1977, the commission transmitted a report which included "a methodology for use in evaluating the relative earthquake hazard from state-owned buildings." At that time, the commission indicated that additional field testing information was necessary in order to validate or modify the proposed methodology. The commission has nearly completed the field test program, and a final methodology should be available prior to budget hearings.

The Trustees' 1978-79 capital outlay program included in excess of \$6,000,000 for systemwide seismic safety rehabilitation projects. Additional requirements for future seismic safety rehabilitation of existing buildings are not identified. The need to fund a seismic safety correction program as proposed by the CSUC will depend upon the commission's report and implementation of a statewide policy.

Proposed 1978-79 Capital Outlay Program

The Trustees' request for 1978-79 as amended in January 1978 included 70 capital outlay projects totaling \$35,856,000. The Governor's Budget proposes \$10,399,000 for 35 projects. Item 484 discussed here contains \$4,508,000 for 24 projects. For legislative review purposes, we have separated the projects into eight descriptive categories in priority order as reflected in the Trustees' program.

A. Budget Language

The Budget Bill contains language specifying that the amount appropriated under Item 484 is to be repaid, in part or in full, by the monies received from the sale of the undeveloped state college site in San Mateo County. This site was declared surplus and authorized for sale by Section 1, Chapter 23, Statutes of 1976, as amended by Chapter 1256, Statutes of 1976. The enabling legislation specifies that the proceeds from the sale of the San Mateo property and the Ventura County property are to be deposited in the COFPHE for the capital outlay needs of the CSUC system.

The Supplemental Report of the Committee of Conference regarding the 1977-78 Budget Bill included language indicating that it was legislative intent that the first subitems in the schedule of the CSUC major capital outlay item were to be funded from the proceeds realized from the sale of the undeveloped state college site in Ventura County. The current Budget Bill language continues legislative intent that the proceeds from the sale of undeveloped state college site property fund the CSUC major capital outlay program needs. We concur with the language included under Item 484.

B. Statewide Planning Projects

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

Table 3
California State University and Colleges
Statewide Planning Projects

<i>Item</i>	<i>Project Title</i>	<i>Campus</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>
484 (1)	General Studies	Statewide	\$25,000	\$25,000
484 (2)	Master Planning	Statewide	100,000	100,000
484 (3)	Preliminary Planning	Statewide	100,000	100,000
TOTAL			\$225,000	\$225,000

General Studies. The \$25,000 request for statewide general studies will fund energy and other miscellaneous studies necessary for physical planning of individual campus needs. These funds will be distributed by the Chancellor's Office on an "as needed" basis.

Master Planning. The \$100,000 requested for statewide master planning will provide for continuation of architectural, engineering, master planning and consulting services. These funds will also be distributed by the Chancellor's Office to campuses based upon priority needs.

Preliminary Planning. This item includes \$100,000 for preliminary planning funds. Of this amount, a maximum of \$30,000 would be available July 1, 1978 for utility and site development projects. The remaining \$70,000 would be available for development of preliminary plans for working drawings and/or working drawings/construction projects which are to be included in the 1979-80 Governor's Budget. This funding mechanism has been utilized since the Budget Act of 1975. Expenditure of funds in this manner has provided improved project programming and expedited ap-

Table 4
California State University and Colleges
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>
484 (4)	Utilities 1978	c	Fresno	\$557,000	\$557,000	0
484 (5)	Fine Arts Building	e	Bakersfield	140,000	Pending	0
484 (6)	Outdoor Physical Education Facility II	e	Bakersfield	15,000	Pending	0
484 (7)	Physical Education Facility	e	Dominquez Hills	109,000	Pending	0
484 (8)	Nursing Building Addition	e	Long Beach	42,000	0	0
484 (9)	Classroom Office Building	e	Sacramento	17,000	Pending	0
484 (10)	Life Science Building	e	San Luis Obispo	635,000	Pending	470,000
484 (11)	Physical Education Facility	e	Stanislaus	104,000	Pending	0
TOTAL				\$1,619,000	\$557,000	\$470,000

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

^b Trustee's five-year Capital Improvement Program (1978-79 through 1982-83).

proved projects. We recommend approval.

B. Projects to Make Existing and Funded Buildings Operable

A summary of the eight projects in this category and our recommendations for each are provided in Table 4.

Fresno—Utilities, 1978

We recommend approval of Item 484(4), construct utilities 1978 (Library III).

This project will provide the necessary utility extensions and connections to make the Library III (addition) operable. Planning and working drawing funds were provided in the Budget Act of 1977. The project is on schedule, and construction should begin early in fiscal year 1978-79. The estimated costs are reasonable, and we recommend approval.

Recommendation Withheld

We withhold recommendation on Item 484(5) through 484(7) and 484(9) through 484(11), pending additional information.

We have withheld recommendation on six projects for equipment funds related to new buildings. We concur with the need for additional equipment for the new facilities. However, the amount included in the Budget Bill represents a substantial deviation from the Trustees' 1978-79 capital outlay request. We have not received information on items of equipment that were deleted or why the deletion occurred. This information should be available prior to budget hearings. Consequently, we withhold recommendations until the approved equipment lists are available.

Long Beach—Equip Nursing Building Addition

We recommend that item 484(8), equip nursing building addition, be deleted, a reduction of \$42,000.

Construction of the nursing building addition at Long Beach was funded from a federal grant (\$321,216) and minor capital outlay funds (\$100,000). As we have indicated under our analysis of item 485, page 1205, we are concerned with the procedures utilized by the Chancellor's Office for administration of the minor capital outlay program. Minor capital outlay is to be expended on projects costing \$100,000 or less. The use of minor capital outlay funds for a project costing nearly \$500,000 is inappropriate. According to the information made available with the equipment request, the federal grant was approved in July 1977. It is apparent that the campus had applied for the federal grant during the time the Legislature was considering the 1977-78 Budget Bill. It is unclear why the Chancellor's Office did not request legislative approval, through the budget process, to provide the necessary funding in the Budget Bill.

According to the space data information, the Long Beach campus has in excess of 1,100 FTE classroom capacity and adequate faculty offices. Based on the project information accompanying the equipment request, it appears that the nursing program could have been accommodated in existing space. Because the project was not presented to the Legislature prior to construction, and because equipment for new programs is gener-

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued**Bakersfield Campus**

We recommend deletion of Item 384(16), a reduction of \$15,000.

This project would consist primarily of two improvements to the on-site high voltage electrical distribution system at the campus. These would include removal and replacement of nearly all (1) existing electrical cables and (2) electrical switch gear. The campus has indicated that the basic reason for changing the electrical cable is because the Pacific Gas and Electric Company intends to change its primary voltage from 12 KV to 21 KV. This would require changing all campus cable to the higher level rating. In lieu of changing cables the campus could provide an on-site substation location for PG&E. This solution would probably be much less expensive, and the campus should re-evaluate this option.

The request to completely replace existing switch gear is based on a desire for a more flexible electrical system. Such a change may provide a more optimum system, but the need in view of limited dollars is questionable.

The need for some modifications to the electrical system may be necessary but preliminary planning funds are available for utility projects under Item 419(3) Budget Act of 1977 and under Item 484(3) of the Budget Bill. The Chancellor's Office and the campus should re-evaluate this proposal and allocate available preliminary planning funds for those portions of the electrical modification program that are critical.

F. Projects to Eliminate Existing Instructional Deficiencies

This category contains six projects totaling \$1,316,000 with an estimated future cost of \$13,089,000. A summary of the projects and our recommendation for each is included in Table 6 on page 1201.

Humboldt—Science Building

We recommend that Item 484(17), preliminary plans and working drawings for a new science building at Humboldt be reduced by \$157,000.

The Supplemental Report concerning the 1977-78 Budget Bill directed the Chancellor's Office and the Humboldt State University campus to develop a project planning program to meet *only* the class-laboratory needs of the Humboldt campus, by alteration of existing space in conjunction with any necessary new space. The Governor's Budget includes planning and working drawing funds for a new facility totaling 20,098 assignable square feet (asf) to house physics/physical sciences (10,308 asf), geology (7,487 asf) and engineering (5,303 asf). The project would also include a 7,500 asf greenhouse and a 400 asf storage shed. The proposed project is too large and we recommend a reduction in the scope of the project.

The Physical Sciences. The proposed physical science space totals 10,308 asf which would be vacated under the physical program. This discipline is currently and adequately housed in 10,405 asf. Based on our review of the campus space, it appeared that there was a need to replace old, obsolete equipment. However, funds for this purpose are provided in the support and operations budget, and replacement from that source should

Table 6
California State University and Colleges
Projects to Eliminate Existing Instructional 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>
484(17)	Science Building	pw	Humbolt	\$220,000	\$63,000	\$4,456,000 ^c
484(18)	Art and Design Center	pw	Northridge	86,000	86,000	1,808,000
484(19)	Convert Science Building	pw	Fresno	244,000	0	90,000
484(20)	Music Building	pw	Long Beach	286,000	286,000	5,564,000 ^c
484(21)	Convert Initial Building (Fine Arts)	wc	San Bernardino	293,000	Pending	91,000
484(22)	Outdoor Physical Education Facilities	ce	San Francisco	187,000	Pending	0
TOTAL				\$1,316,000	\$435,000	\$14,717,000

^a Phase symbol indicates: p—preliminary plans; 2—working drawings; c—construction; e—equipment.

^b Trustee's five-year Capital Improvement Program (1978-79 through 1982-83).

^c Chancellor's office revised estimate.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

be considered. Consequently, we recommend deletion of the requested physical science space.

Geology. The proposed geology space totals 7,487 asf for a discipline that is currently housed in 4,600 asf. Except for the need for additional storage space and some alterations of existing space, geology is adequately housed. The need for constructing new space and completely vacating existing space is not justified, and we recommend deletion of this portion of the project.

Engineering. This portion of the project totals 5,303 asf for an environmental engineering program which is inadequately housed, and the additional space is justified. In addition, environmental engineering is a specialized program offered only at the Humboldt campus. We recommend approval of this portion of the project.

Greenhouse. The Humboldt campus has one greenhouse that is highly utilized and overcrowded. The requested 7,500 ASF greenhouse is justified and we recommend approval.

In summary, we recommend approval of a project to provide 5,303 asf for engineering plus a 7,500 asf greenhouse. The total estimated future cost for a project of this magnitude would be approximately \$965,000 versus the proposed building which would total \$4,676,000. The amount of funds necessary for preliminary plans and working drawings on the reduced project is \$63,000. Consequently, we recommend that Item 384(17) be reduced to \$63,000.

Northridge—Art and Design Center

We recommend approval.

Item 484(18) provides \$86,000 for preliminary plans and working drawings for a 21,000 asf facility to provide specialized laboratories for sculpture, textiles and weaving, metalsmithing, ceramics and wood design. The proposal represents a significant but appropriate reduction in similar proposals by the Chancellor's Office over the past several years. The project as now conceived will provide adequate specialized laboratories for functions that are currently inadequately and in some cases unsafely housed. As indicated earlier, we recommend that the Chancellor's Office gradually reduce enrollments at Northridge to the level of existing and funded capacity. However, the need for the proposed facilities is based on (1) specialized laboratories and (2) replacement of inadequate and unsafe conditions. We concur with the proposed project and estimated costs, and we recommend approval.

Fresno—Converted Science Building

We recommend that Item 484(19), preliminary plans and working drawings to convert the science building at Fresno, be deleted, a reduction of \$244,000.

This proposal is to convert approximately 9,378 asf of general class-laboratory space for health sciences, psychology, criminology, anthropology, nursing, and geology. The project would include alterations of several laboratories and relocation of the various departments. In general, we concur with the proposed relocations, especially in the case of nursing.

However, the identified needs in this request can be met in existing laboratories with minimal alterations. In fact, nursing could be relocated immediately at little or no cost, and the campus should consider expediting this portion of the project. Modifications for nursing and other departments, if necessary, could be accomplished through the minor capital outlay program in the current year or the budget year.

Long Beach—Music Building

We recommend approval.

This proposal includes planning and working drawing funds for a 40,075 asf music building at the Long Beach campus. Funds for this purpose were added to the 1977-78 Budget Bill but vetoed by the Governor.

The project consists of music laboratories, music practice rooms, auditoria for recital, choral and orchestra rehearsal, etc. The estimated total project cost is \$5,850,000, reflecting an estimated building construction cost of \$67.58 per square foot.

As indicated earlier we have recommended that the Chancellor's Office gradually reduce enrollment at Long Beach to the level of existing and funded capacity. However, the proposed Long Beach music building will provide specialized instructional facilities and ancillary spaces for music which are either not available on the campus or are inadequately housed. The proposed facility provides essential facilities for the Long Beach music program, and is justified based upon specialized needs which are not impacted by the proposed gradual reduction in enrollments. In addition, the existing facilities occupied by the music program will be converted, through the minor capital outlay program (for under \$100,000 total) to provide an instructional resources/radio television facility. This secondary effect has resulted in the Long Beach campus deleting from its master plan a \$2.8 million new instructional resources building. We believe the campus has responsibly evaluated its programmatic needs and existing physical facilities, resulting in a prudent solution to its instructional and physical facility requirements. We recommend approval.

San Bernardino—Convert Initial Building (Fine Arts)

We withhold recommendation on Item 484(21), working drawings and construction for conversion of initial building (Fine Arts), pending receipt of additional information.

This project will alter one of three original structures on the San Bernardino campus to provide improved space for the arts and to provide ten new faculty offices. In general, the proposed alterations appear justified. However, the proposed relocation of an existing 837 square foot art gallery at an approximate cost of \$50,000, is not justified. The existing art gallery provides for a variety of exhibits ranging from annual student and faculty shows to traveling museum exhibits and exhibits of major artists. The need to improve and/or relocate the gallery is not evident, and we recommend that this portion of the project be deleted. In addition, the project includes development of ten new faculty offices. According to the space data provided by the Chancellor's Office, the San Bernardino campus has an excess of 20 faculty offices. Consequently, we recommend deletion of the additional faculty office space. The remainder of the project is appropriate.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

The campus is in the process of preparing preliminary plans and cost estimates. This information should be available prior to budget hearings.

San Francisco—Outdoor Physical Education Facilities

We withhold recommendation on Item 484(22), construction equip outdoor physical education facilities in San Francisco, pending additional information.

The Budget Act of 1977 included \$13,000 for preliminary plans and working drawings for this project. The project as approved will develop a general purpose turf-field area of approximately three acres plus a toilet-storage building and seven open (three-wall) handball-racquetball courts. The project has not proceeded, and preliminary plans and/or working drawings are unavailable. Until such information is developed, we cannot recommend the adequacy of the requested amount.

G. Projects to Eliminate Existing Support Deficiencies

We recommend approval.

This category contains one project, Item 484(23), to construct a corporation yard at the Bakersfield campus. The Budget Act of 1977 contained \$20,000 under Item 419(25) for working drawings for this project. The project has proceeded on schedule, and working drawings are in progress. The scope of the project is identical to that approved in the Budget Act of 1977, and will provide 14,000 square feet of module buildings plus a service yard. The estimated total project cost is reasonable, and we recommend approval.

H. Projects to Provide a Complete Campus

We recommend deletion of Item 484(24), working drawings and construct utilities 1978 at the Long Beach campus, a reduction of \$220,000.

This request is basically a maintenance-type project to eliminate problems created by the location and inadequacy of an existing sewage pumping plant. The campus has been considering relocation of the pumping plant for several years. The current funding request reflects an attempt to take advantage of a larger sewage improvement project being undertaken by the Los Angeles County Sanitation District. The district's project is funded under a federal grant that requires the entire project to be under construction prior to July 1, 1978. It is our understanding that in order for the campus to take advantage of the district's project, state funds must be committed prior to advertising for construction bids. In view of this and because the project is mainly a maintenance project, the Chancellor's Office should allocate support and operations maintenance funds from current year monies. The proposed funding under Item 384 appears to be both untimely and inappropriate and we recommend deletion.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 485 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 901

Requested 1978-79	\$4,400,000
Recommendation pending	\$4,400,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS
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1. Minor Projects. Withhold recommendation pending receipt of additional information. 1205

ANALYSIS AND RECOMMENDATIONS**Minor Projects**

We withhold recommendation pending receipt of additional information.

This request represents a lump-sum appropriation to be allocated for minor construction and improvements at each of the 19 campuses.

Projects under this item, except 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 was to give the Chancellor's Office flexibility to meet the changing needs of campuses in a more timely fashion and reduce the administrative efforts required in the Department of Finance. A post-audit report is provided to assure that the funds are administered wisely. The report for 1977-78 minor capital outlay expenditures has not been submitted. However, based on our review of the reports for 1975-76 and 1976-77 it appears that in many cases the funds are not administered wisely.

In our analysis of the 1976-77 Budget Bill we indicated our concern regarding the expenditure of CSUC minor capital outlay appropriations. At that time, the procedures for administering the minor capital outlay program included allocating a lump-sum amount to each campus plus an additional allotment based on campus annual FTE students with minimal project approval at the Chancellor's Office level. Therefore, the Legislature included language in the 1977-78 Supplemental Report directing the Chancellor's Office to revise its procedures for administering the minor capital outlay program to assure that campus proposals are reviewed prior to allocation of funds and that funds are allocated to campuses on a system-wide project priority basis.

The Chancellor's Office has recently modified its procedures for administering this program. However, the proposed "tentative fund allocation

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

formula” would still for the most part allocate funds on a lump-sum basis plus an allotment based on campus annual FTE students. The revised administrative procedures do include the requirement that prior to fund allocation the Chancellor’s Office must review proposed minor capital outlay programs from each campus. It is our understanding that the Chancellor’s Office will complete this review prior to budget hearings. Until we have had an opportunity to review the Chancellor’s methodology for review and application of the “tentative fund allocation formula” and until we have received the 1977–78 post-audit report we withhold recommendation of the CSUC minor capital outlay request.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 486 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 908

Requested 1978–79	\$1,180,000
Recommended approval	1,180,000

SUMMARY OF RECOMMENDATIONS

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1. Sale of Property. Recommend when property is to be sold and the proceeds used for capital outlay purposes, the sale terms be based on a lump-sum amount rather than time payments. 1207

ANALYSIS AND RECOMMENDATIONS**Corporation Yards—San Jose State University**

We recommend approval.

This item includes one project for the construction of a new corporation yard at San Jose State University. Working drawings for this project were originally appropriated in the Budget Act of 1973, and reappropriated in the Budget Acts of 1976 and 1977. The present corporation yard is located in the central portion of the campus on the site of a proposed new library. The new 24,545. asf corporation yard facilities will be located on the north edge of the campus.

Originally, the campus planned to move the corporation yard to a warehouse building owned by the state and located approximately two miles south of the campus. After a through re-evaluation of that proposal, it was determined that it would be more economical to build permanent corporation yard facilities on the main campus. Thus, Chapter 1391, Statutes of 1976, authorized the sale of the warehouse and stipulated that the proceeds from the sale were to be used for the construction of the corporation yard.

Working drawings for the new facility have been started, and construction should begin early in the budget year. The project location and scope

are identical to that previously approved by the Legislature, and we recommend approval.

Sale of Property

We recommend that in the future when property is to be sold and the proceeds used for capital outlay purposes the sale terms be based on a lump-sum amount rather than time payments.

In August 1977, the State Public Works Board approved the sale by the Director of General Services of the aforementioned warehouse. The sale price was \$859,918, to be liquidated by a \$95,991.80 down payment and the balance in 120 equal monthly payments including interest at 8.5 percent per annum. Under the terms of this sale, the COFPHE must fund approximately \$1,084,000 (\$1,180,000 minus \$95,991.80) which will be reimbursed over a ten-year period. For the past several years, construction costs have been increasing at a rate of eight to ten percent annually, and this trend is expected to continue. Consequently, the sale of property under terms similar to the San Jose transaction are uneconomical. This is not a major concern for the San Jose situation, but the sale of the surplus, undeveloped college sites in San Mateo and Ventura Counties should produce revenue in excess of \$7,000,000. This amount should be available as soon as possible, in order that it can be used at an early date and minimize the inflationary costs of construction.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 487 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 901

Requested 1978-79	\$311,000
Recommended approval	211,000
Recommended reduction	4,000
Recommendation pending	96,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Statewide. Withhold recommendation on modification of fume hoods to meet safety code. 1208
2. *Pomona. Reduce by \$4,000.* Recommend deletion of working drawings vacuum system modifications. 1208
3. *Pomona.* Withhold recommendation on water and energy conservation system. 1209

ANALYSIS AND RECOMMENDATIONS

This item includes working drawing funds for nine projects. These include a theater arts building at Sonoma, five related to correction of code deficiencies, two utility projects, and one for water/energy conservation. Construction funds for the Sonoma theater arts building were included in the final version of the 1977-78 Budget Bill, but vetoed by the Governor.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Working drawings for the theater arts building have not been scheduled. We concur in the need for this project, and encourage the Chancellor's Office to undertake the working drawing phase as soon as possible in order to assure that construction can proceed as soon as possible. All of the remaining projects, except for three, are justified because of need to correct code deficiencies or provide desirable utility systems.

Federal Funds

Budget Bill language under this item indicates that funds are provided for these projects in anticipation of federal funds being available for construction. During the current year, federal funds were made available to the state under the Public Works Employment Act of 1976 (PWEA). The Legislature was advised of these funds and proposed expenditures through the requirements of Section 28 of the Budget Act of 1977. However, because of specific federal requirements and state administrative procedures, the Legislature did not have adequate opportunity to review the proposed expenditures. In addition, because proper planning was not undertaken for many projects, several did not proceed or were not completed as originally proposed because sufficient funding had not been requested. (A summary of the federal PWEA program is included under the Capital Outlay summary page 1105.)

It is our understanding that the Department of Finance has included this item and the Budget Bill language in order to (1) provide adequate legislative review and (2) assure that proper planning has been undertaken, so that adequate federal funding is requested when such funds are available. We concur with this proposal and, except for the following three projects, we recommend approval of the requested amount.

Statewide Proposal to Modify Fume Hoods to Meet Safety Code

We withhold recommendation on item 487(3), working drawings to modify fume hoods to meet safety code, pending additional information.

The Trustees' 1978-79 Capital Outlay Program identifies four projects entitled "Modify Fume Hoods to Meet Safety Code Requirements" at four campuses. Information provided regarding these projects was limited, and only indicated that existing hoods on the campuses did not meet Cal-OSHA requirements. The information does not indicate the proposed method and related costs required to bring the fume hoods within code requirements. In addition, the Budget Bill specifies that the working drawing funds are for system-wide needs. Consequently, the total proposed project is unclear and the number of fume hoods and code deficiencies has not been identified. Until this information is available and the work necessary to correct the deficiencies is identified, we cannot recommend approval of the requested amount.

Pomona—Science Building Vacuum System to Meet Safety Code

We recommend that Item 487(4), working drawings for science building vacuum system modifications to meet safety code be deleted, a reduction of \$4,000.

This project would provide a centralized vacuum system throughout

the new science building and installed in accordance with current Cal-OSHA and Fire Marshal regulations. The total estimated project cost is \$162,000. A centralized vacuum system was originally included in the funds provided for construction of the new science building. However, the consulting architect apparently installed a system which does not meet current code. Based on the information made available, it appears that the architect has made a design error and should be responsible for correcting this problem. Consequently, we recommend that the Chancellor's Office require the architect to make the correction at no state cost.

Pomona—Water and Energy Conservation System

We withhold recommendation on item 487(6), working drawings for water and energy conservation system, pending additional information.

This project will connect the University's irrigation water system to the City of Pomona renovated water system. This will allow the university to irrigate approximately 300 acres of agricultural and landscaped areas with renovated water (tertiary treated sewage water) rather than domestic (drinkable) water. The total estimated project cost is \$551,000. The proposal appears reasonable. However, the Chancellor's Office has recently employed an energy consultant. It is our understanding that the consultant has not had an opportunity to review this project. Until that review is complete and we have received the consultant's evaluation, we withhold recommendation on the request.

CALIFORNIA MARITIME ACADEMY

Item 488 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 922

Requested 1978-79	\$742,600
Recommended reduction	742,600

SUMMARY OF RECOMMENDATIONS

*Analysis
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1. *Radar and Computer Laboratory Addition. Reduce by \$504,600. Recommend deletion of new laboratory space.* 1210
2. *Solar Heating. Reduce by \$238,000. Recommend deletion of solar heating proposals.* 1211

ANALYSIS AND RECOMMENDATIONS

The Maritime Academy recently completed a capital outlay program in excess of \$6 million to provide additional physical facilities necessary to offer the academic program and house the master plan enrollment of 468 students. During the current academic year, the academy will sustain the master plan student enrollment and will occupy the new facilities.

The proposed capital outlay program for the California Maritime Academy totals \$767,600 from the Capital Outlay Fund for Public Higher Education (COFPE). Item 488 contains \$742,600 for major capital outlay and

CALIFORNIA MARITIME ACADEMY—Continued

Item 489 (page 1211) includes \$25,000 for one minor capital outlay project. The major capital outlay proposals and our recommendations follow:

Radar Simulation and Computer Science Laboratory Addition

We recommend deletion of Item 488(1), preliminary plans, working drawings, construct and equip Radar Simulation and Computer Science Laboratory addition, a reduction of \$504,600.

Funds (\$4,500) to plan alterations to existing facilities for a radar simulation laboratory were provided in the Budget Act of 1977 under Item 423(6). The academy and the Office of the State Architect (OSA) have expended a portion of the available funds, and have indicated that existing facilities cannot be altered to meet current requirements. Consequently, the budget proposes funding for a new facility to house the laboratory. This proposal would provide a 3,600 square foot single-story addition to the existing faculty office building. The addition would contain a radar simulation laboratory (2,000 square feet) and a computer science laboratory (1,600 square feet).

Amount of Existing Space is Sufficient. Based on information made available by the academy and OSA, we do not believe that sufficient consideration has been given to the potential for altering existing facilities to meet the academy's needs.

Existing facilities are fairly well utilized when scheduled for institutional use. However, most of the facilities are not scheduled during the hours of 11 a.m. to 1 p.m. and after 5 p.m. In addition, a large classroom in the new classroom/auditorium building was only minimally scheduled for instructional use in the fall 1977 trimester. Thus, it appears that there is sufficient physical space to serve the academic program, although the purchase of additional equipment and related building alterations may be necessary. If a radar laboratory is needed, the academy should reevaluate the feasibility of altering existing space that is underutilized. For example, room 202 (2,294 assignable square feet) in the classroom building is scheduled on a limited basis. It is presently used, in part, for instruction in radar, navigation and graphics. However, the room is underutilized on an hourly basis (51 percent use, 8 a.m.–5 p.m.) and a station occupancy basis (25–55 percent occupancy).

In view of the current academy instructional facility schedule and in particular the current and potential use of underutilized space such as room 202, it appears that construction of new facilities for the radar simulation laboratory is unnecessary.

Computer Science Laboratory. The academy currently has a computer science laboratory that shares a portion of a physics laboratory. Modifications to the existing facilities may be appropriate in order to provide improved space and more isolated areas. However, based on the information provided, the need for additional space is not justified, and we cannot recommend approval of funds for a new computer laboratory.

Costs not Adequately Justified. The academy estimates that the cost of the building addition would exceed \$65 per square foot, excluding group 1 (built-in) equipment. This is higher than normal. However, schematic

or preliminary plans have not been prepared, and consequently the adequacy of the requested amount cannot be substantiated.

Solar Energy Projects

We recommend that Item 488(2), preliminary plans, working drawings, and construct solar heating for residence halls, gymnasiums, and pools be deleted, a reduction of \$238,000.

This proposal would provide a solar water heating system for the swimming pool and domestic water in the residence hall complex and gymnasium. A solar energy feasibility study for this proposal has been completed. However, schematic or preliminary plans have not been developed. Based on information developed in the feasibility analysis, the energy savings to "pay back" the cost of the project would exceed 30 years, which is longer than the life expectancy of the solar heating system. Consequently, we would consider the proposed project inadvisable. In our review of other energy savings proposals (i.e., University of California and California State University and Colleges) we have consistently recommended that, as a guideline, such proposals should not be considered for funding unless the anticipated payback period is less than seven years. Longer payback periods are indicative of marginal energy savings, at best. In our opinion, with limited COFPHE funds available, funds should be expended for energy savings projects which provide maximum energy savings.

The consultant who developed the solar energy feasibility study for the OSA has recommended that other energy conserving measures should be implemented. To our knowledge, most of the recommended changes have not been accomplished although it appears from the brief description that they could be at minimal cost. These include (1) installation of low-flow shower heads, (2) insulation of all pipes carrying hot water, and (3) installation of a swimming pool cover. In addition, we suggest that the academy could reduce the water temperature of the swimming pool (presently maintained at 75°-78° F) and/or during some months of the year provide no heat to the swimming pool water.

CALIFORNIA MARITIME ACADEMY

Item 489 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 922

Requested 1978-79	\$25,000
Recommended reduction	25,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
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1. *Minor Capital Outlay. Reduce by \$25,000. Recommend deletion of minor capital outlay.* 1212
Higher Education.

CALIFORNIA MARITIME ACADEMY—Continued**ANALYSIS AND RECOMMENDATIONS****Minor Capital Outlay**

We recommend deletion of Item 489, a reduction of \$25,000.

This item includes one minor capital outlay project for modifying the irrigation water system at the academy. The proposal is for (1) a new well 300–400 feet deep, (2) new underground water pipe and (3) a 5,000 gallon underground water reservoir.

The objectives of this request are to reduce (1) the use of domestic (drinkable) water and (2) the water and sewage bills. The academy has indicated that sewage disposal charges are based on water consumption rather than sewage output. Consequently, if irrigation water is removed from the metered water system then sewage disposal charges would be less. The academy has not identified the total amount of work required (i.e., necessary piping, valves, etc. for isolating the irrigation water system, location of reservoir and connection costs, etc.), and the amount of funds requested is inadequate to achieve the project objectives. For these reasons, we recommend deletion of the requested amount.

CALIFORNIA COMMUNITY COLLEGES

Item 490 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 931

Requested 1978–79	\$16,096,400
Recommended approval	16,096,400

ANALYSIS AND RECOMMENDATIONS

The 59 projects scheduled under this item represent a total community college capital outlay program of \$30,677,628. 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 district-wide and state-wide. Based on this formula, the state share of the total program is \$16,096,400 (52.5 percent) with the remaining \$14,581,228 (47.5 percent) required to be funded by the individual districts.

Prior to the Budget Act of 1975, the entire state share of the community college capital outlay program was funded from bonds. However, a proposed bond issue was defeated by the electorate in 1976. Consequently, beginning with the Budget Act of 1975, the state's share has been funded from both bond funds and the Capital Outlay Fund for Public Higher Education. Because the bond funds are depleted, the proposal contained in the Budget Bill is entirely from the Capital Outlay Fund for Public

Need for Instructional Capacity Space

Enrollments in all of higher education are projected to 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. For the past several years, we have 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 those specific districts where long-term projections are not expected to fall below current enrollments. 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

We recommend approval. The 59 projects have been included in the Budget Bill in the same priority order as proposed by the Chancellor's Office—California Community Colleges. We have grouped the projects into four categories, and have provided a discussion of each category. The cost estimates in each category are in line with similar projects in the California State University and College campuses. The totals shown represent the state's share only.

1. Equipment—\$3,346,300

This category contains 33 projects and represents 20.8 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.

2. Utility and Code Corrections—\$2,452,400

This category contains 8 projects and represents 15.2 percent of the proposed state participating program. This category consists of projects to provide necessary utilities to new campus sites, remove architectural barriers to the handicapped, modify existing utility systems, and correct California Administrative Code deficiencies. The projects are appropriate, and we recommend approval.

3. Instructional Capacity Related Facilities—\$7,503,400

This category contains 14 projects representing 46.6 percent of the proposed state participating program. The projects represent a diversity of instructional capacity needs, including remodeling of existing space, new general academic and vocational facilities. We recommend approval.

4. Libraries/Learning Resource Centers—\$2,794,300

This category includes four projects representing 17.4 percent of the proposed state participating program. The facilities are justified based on current state guidelines, and we recommend approval.

AGRICULTURAL LABOR RELATIONS BOARD

Item 491 from the General
Fund

Budget p. 965

Requested 1978-79	\$10,000
Recommended approval	10,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

Minor capital outlay for the Agricultural Labor Relations Board consists of building alteration projects in Sacramento (Office Building No. 1) and San Diego. Three large work areas in Sacramento and one in San Diego will be remodeled to provide improved offices for several attorneys and a regional director. The projects' costs are reasonable and we recommend approval.

DEPARTMENT OF FOOD AND AGRICULTURE

Item 492 from the General
Fund

Budget p. 998

Requested 1978-79	\$931,350
Recommended approval	422,050
Recommended reduction	50,500
Recommendation pending	458,800

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Convert Laboratory to Office Space. Withhold recommendation pending receipt of revised cost estimate. 1214
2. *Truckee Inspection Station, Phase II. Reduce by \$22,500. Recommend reduction of construction estimate.* 1215
3. *Minor Capital Outlay. Reduce by \$28,000. Recommend deletion of project.* 1216

ANALYSIS AND RECOMMENDATIONS**Chemistry Laboratory Conversion**

We withhold recommendation on Item 492(c), to remodel chemistry laboratory space to office space, pending receipt of a revised construction estimate.

The budget includes \$458,800 to convert the chemistry laboratory at the Agriculture Annex Building, Sacramento, to office space. The Budget Act of 1977 included \$25,000 for preparation of construction documents for this project. These funds have not been used, and the department has not prepared preliminary design documents. Consequently, we have received no information justifying this proposal. It is our understanding, however, that plans and estimates are being prepared and will be available prior to

budget hearings. Until we have reviewed this information, we withhold recommendation.

Truckee Inspection Station

We recommend Item 492(b), to recondition the Truckee Inspection Station (Phase II), be reduced by \$22,500.

The budget proposes \$250,150 for Phase II of the rehabilitation work at the Truckee Inspection Station. Phase I, funded in the Budget Act of 1977 (\$92,650) consisted of replacing the heated slab for the drive-through inspection area, and reroofing and repainting the inspection building. Phase II includes construction of a new truck office, two by-pass lanes, a secondary outside inspection area, and a new sewer line. The Office of the State Architect (OSA) would design and administer the construction contract for the truck office. The remainder of work would be contracted through the Department of Transportation (Caltrans). The budget request includes \$30,000 for Caltrans construction engineering (contract administration and inspection), which is 16 percent of the estimated Caltrans contract.

The limited amount of paving proposed (17,000 square feet) does not require the extensive administration and inspection generally provided by Caltrans, and OSA could inspect the paving work in conjunction with its administration of the contract for the new truck office. OSA generally charges 4 percent of the construction estimate for construction engineering. We believe 4 percent is a reasonable charge, and recommend that OSA provide these services. This would reduce funds needed for construction engineering from \$30,000 to \$7,500.

Meadowview Road

We recommend approval of Item 492(a).

The budget proposes \$62,000 for the acquisition of 20 acres of vacant property adjacent to the department's operations center on Meadowview Road. The property will be used for the development of a biological pest control program. The request is reasonable, and we recommend approval.

Relocation of San Gabriel Laboratory

We recommend approval of Item 492(d).

The budget proposes \$97,800 for preliminary plans and working drawings for the relocation of the department's San Gabriel diagnostic laboratory. The laboratory provides testing facilities and services for the diagnosis of diseases in poultry and livestock.

Because there has been a major shift of animal and dairy industries from Los Angeles to San Bernardino and Riverside Counties, the department wishes to relocate the laboratory on a leased site at the National Orange Show in the City of San Bernardino. In view of this, and because the existing facilities are inadequate, we believe the proposal is reasonable and we recommend approval.

DEPARTMENT OF FOOD AND AGRICULTURE—Continued

Long Valley Inspection Station

We recommend approval of Item 492(e).

The budget proposes \$34,600 for preliminary plans and working drawings for a permanent agricultural inspection station at Long Valley. The proposed building would replace a temporary facility used since 1976. A building site is available within the right-of-way of U.S. Highway 395. Consequently, there will be no property acquisition costs. We recommend approval.

Minor Capital Outlay

We recommend that Item 492(f), minor capital outlay, be reduced \$28,000 by deletion of a drainage alteration project.

The budget proposes \$28,000 for drainage alterations at the department's operations center. The scope and magnitude of the project are undefined. Thus, we cannot substantiate the need for the project or the requested amount and we recommend deletion.

DEPARTMENT OF INDUSTRIAL RELATIONS

Item 493 from the General
Fund

Budget p. 1017

Requested 1978-79	\$63,000
Recommended approval	25,000
Recommended reduction	38,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. *Minor Capital Outlay. Reduce by \$38,000. Recommend reduction of construction estimates.* 1216

ANALYSIS AND RECOMMENDATIONS

We recommend the budget request be reduced in the amounts of \$23,000 (Fresno) and \$15,000 (San Diego).

The Department of Industrial Relations proposes remodeling projects at its San Diego and Fresno offices. Table 1 summarizes the budget requests.

Table 1

Department of Industrial Relations
Minor Capital Outlay

Office	Square feet to remodel	Budget request	Legislative Analyst recommendation	Recommended reduction
Fresno.....	1,400	\$38,000	\$15,000	\$23,000
San Diego	900	25,000	10,000	15,000

In our opinion, the construction estimates in the budget request are overstated. Remodeling work of this nature generally costs approximately \$10 per square foot of area to be remodeled. The department's estimates are more than double that figure.

MILITARY DEPARTMENT

Item 494 from the General
Fund

Budget p. 1039

Requested 1978-79	\$797,200
Recommended approval	223,200
Recommendation pending	574,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

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1. Armory Building—Fresno. Withhold recommendation 1217 pending receipt of additional information.

ANALYSIS AND RECOMMENDATIONS

Preliminary Planning and Working Drawings

We recommend approval.

Item 494 (a) of the budget proposes \$164,900 for preliminary plans and working drawings for federally funded construction projects. With the exception of armory construction, the Military Department receives federal funds for nearly 100 percent of its capital outlay program. Projects eligible for 100 percent federal funding include maintenance shops, communication facilities, gun ranges, etc. However, federal funds do not entirely finance the architecture and engineering (A&E) fees. Consequently, this request provides \$164,900 for the states' share of A & E costs, and is related to 11 projects totaling \$3,174,000. We concur with this proposal and recommend approval.

Armory Building—Fresno

We withhold recommendation on Item 494 (b) (\$574,000) pending receipt of additional information.

The budget proposes \$574,000 from the General Fund to finance the state's share of an Armory Building in Fresno. Table 1 summarizes the budget request.

Table 1
Military Department
Armory Building—Fresno

Item	State Funds	Federal Funds	Total
Construction	\$407,000	\$1,063,000	\$1,470,000
	(28%)	(72%)	(100%)
A & E	167,000	54,000	221,000
	(76%)	(24%)	(100%)
TOTAL	574,000	1,117,000	1,691,000
	(34%)	(66%)	(100%)

MILITARY DEPARTMENT—Continued

We have asked the department to provide a report explaining why armories receive a different proportion of federal funds than other capital outlay projects. In addition, the Office of the State Architect is preparing the plans and construction estimate, and expects to complete them prior to budget hearings. Until this information is received, we cannot determine the adequacy of the requested amount. We withhold recommendation pending receipt of this information.

Minor Capital Outlay

We recommend approval.

The budget includes \$58,300 for five minor capital outlay projects. The work proposed includes expansion of a storage facility, placement of miscellaneous paving, and installation of curbs and gutters. The requested improvements and associated costs are appropriate and we recommend approval.

STATE PUBLIC DEFENDER

Item 495 from the General
Fund

Budget p. 1076

Requested 1978-79	\$65,000
Recommended approval	65,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The budget proposes one project of \$65,000 for the State Public Defender. The work will consist of remodeling the agency's Los Angeles office to provide additional attorneys' offices. We believe the project is warranted and the proposed costs are reasonable. Accordingly, we recommend approval.

UNALLOCATED CAPITAL OUTLAYItem 496 from the General
Fund

Budget p. 1113

Requested 1978-79	\$300,000
Recommended approval	\$300,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
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1. Improve Capital Outlay Budget Procedures. We recommend that the Department of Finance implement State Administrative Manual procedures for capital outlay budgeting. 1219

ANALYSIS AND RECOMMENDATIONS

The Budget Bill has historically included an item that provides for preliminary plans for projects proposed to be funded from the General Fund in the ensuing fiscal year. Allocations from the amounts are proposed by the Department of Finance. The Governor's Budget indicates that the amount included for the budget year will be used, in part, to allow for additional planning and schematic development on selected projects which are included in the Governor's 1978-79 Budget. A similar process has been used beginning in the Budget Act of 1975 for preliminary planning funds appropriated to the University of California and the California State University and Colleges systems. The procedure has allowed development of proper budgeting information and has expedited approved projects by six to eight months. We concur with the proposed change in allocating the funds. The requested amount is reasonable and we recommend approval.

Improve Capital Outlay Budget Procedures

We recommend that the Department of Finance implement State Administrative Manual procedures for capital outlay budgeting.

In November 1976, our office contacted representatives of various state agencies concerned with capital outlay and established a task force for the purpose of reviewing the capital outlay process. The objectives of the task force were to review all elements of the procedures in an attempt to streamline the process to expedite approved projects and reduce costs. One finding of the task force which was unanimously agreed to was that adequate budget information must be developed and appropriate and timely project scope meetings must be held. Requirements have been incorporated in the Governor's Budget which implement a portion of the task force recommendation and should provide appropriate budget information. However, there is no indication that the necessary scope meetings will be held.

The capital outlay budgeting procedures outlined in the State Administrative Manual indicates that before any capital outlay project may be included in the Governor's Legislative program there must be agreement upon salient aspects of the project and copies of the written project pro-

UNALLOCATED CAPITAL OUTLAY—Continued

gram are to be distributed to the Department of Finance, the Legislative Analyst, the department submitting the project, its agencies (if applicable) and the Office of State Architect (OSA) if OSA would normally be assigned to do the construction. If necessary, the Department of Finance is to call a scope conference of the above parties to determine the need for and scope of the project. This process has not been followed and in most cases (other than projects proposed by the University of California, California State University and Colleges and California Community Colleges) our office has received inadequate project program descriptions. As a result, the scope and associated costs of many projects are unresolved and the projects do not proceed in a timely manner. Unless the procedures outlined in the State Administrative Manual are followed capital outlay projects will continually be delayed, and the scope and costs will be uncertain when presented to the Legislature. Consequently, we recommend that the Department of Finance implement the State Administrative Manual procedures. (This problem is also discussed under the Capital Outlay Summary, page 1104.)

UNALLOCATED CAPITAL OUTLAY

Item 497 from the Capital Out-
lay Fund for Public Higher
Education

Budget p. 1114

Requested 1978-79	\$5,000,000
Recommended reduction	5,000,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
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1. *Construction Cost Increase. Reduce by \$5,000,000.* Recom- 1220
mend deletion of Item 497.

ANALYSIS AND RECOMMENDATION

We recommend deletion because the current COFPHE reserve for augmentations is adequate

This proposal is for a lump sum appropriation to be allocated by the Department of Finance in accordance with Section 16352 of the Government Code. This allows augmentation of capital improvement projects funded from the Capital Outlay Fund for Public Higher Education (COFPHE), subject to approval of the State Public Works Board. Projects included in the Budget Bill are based on an Engineering News Record (ENR) cost index of 2850 as of July 1, 1978, an increase of 6.3 percent over January when the ENR index was 2680. Consequently, construction costs would have to increase by approximately one percent per month in order for the budgeted index to be realized. A one percent per month inflationary increase is slightly higher than anticipated. However, applying such an increase to previously approved projects and to construction projects requested in the Budget Bill reflects a potential need for slightly less than \$5 million.

The Controller's 1976-77 Annual Report indicates that as of June 30, 1977, there was a reserve for unallocated capital outlay of \$14 million (page 180). These funds are available for augmentation of capital improvement projects funded from COFPHE. This amount is more than adequate for current projects and projects proposed in the Budget Bill and we recommend deletion of the request for an additional \$5 million.

DEPARTMENT OF PARKS AND RECREATION

Sections 2.5 (Items 498-500) 2.6
(Items 501-502) from various
park bond funds

Requested 1978-79 (Total of all above items)	\$1,658,097
Recommendation pending	1,658,097

ANALYSIS AND RECOMMENDATIONS

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

The items listed below are budgeted by the Department of Parks and Recreation for capital outlay projects.

Additional information is needed for evaluation of the individual projects. In most cases, information on the projects was either not received in time or was insufficiently detailed to permit evaluation or formulation of recommendations for inclusion in the Analysis.

Item	Description	Fund	Requested Appropriation
Section 2.5			
498	State park planning, design and construction projects.	State Beach, Park, Recreational, and Historical Facilities Fund of 1964	\$1,439,155
499	Reappropriations of state park acquisition and development projects.....	State Beach, Park, Recreational, and Historical Facilities Fund of 1964	-
500	Reversions of local assistance grant projects	State Beach, Park, Recreational, and Historical Facilities Fund of 1964	-
Section 2.6			
501	State park planning, design and construction projects.	Recreation and Park and Wildlife Enhancement Fund of 1970	218,942
502	Reappropriation of state park development projects.....	Recreation and Park and Wildlife Enhancement Fund of 1970	-
			<u>\$1,658,097</u>

DEPARTMENT OF PARKS AND RECREATION—Continued

DEPARTMENT OF PARKS AND RECREATION

Item 503 from the State Beach,
Park, Recreational and His-
torical Facilities Bond Fund of 1974

Budget p. 484

Requested 1978-79	\$10,517,710
Recommendation pending	10,517,710

ANALYSIS AND RECOMMENDATIONS

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

This item includes design, construction planning and development for 13 capital projects for the state park system.

Addition information is needed for evaluation of the individual projects. In most cases information was either not received in time or was insufficiently detailed to permit evaluation or formulation of recommendations for inclusion in the Analysis.

WILDLIFE CONSERVATION BOARD

Item 504 from the State Beach,
Park, Recreational and
Historical Facilities Bond
Fund.

Budget p. 433

Requested 1978-79	\$40,000
Recommended approval	40,000

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The State Beach, Park, Recreational, and Historical Facilities Bond Act was passed by the electorate in the June 1974, primary election. The act provides \$10 million for the acquisition and development of wildlife areas in accordance with the Wildlife Conservation Law of 1947. Appropriations from this source are subject to legislative approval. The budget proposes \$40,000 for plans, studies, surveys, and title reports necessary to complete the acquisition program. Approval of this request will substantially deplete the \$10 million.

RESOURCES AGENCY

Items 505, 506 from the State
Beach, Park, Recreational and
Historical Facilities Fund of
1974.

Budget p. 484

Requested 1978-79	Reappropriations and Reversions
Recommendation pending	Reappropriations and Reversions

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested reappropriations and reversions for capital-outlay projects.

Item 505 contains requests for reappropriations for 49 capital-outlay acquisition and development projects for the Department of Parks and Recreation and 4 acquisition projects for the Wildlife Conservation Board.

Item 506 contains requests for reversions of 2 capital-outlay acquisition projects for the Department of Parks and Recreation.

DEPARTMENT OF PARKS AND RECREATION

Item 507 from the State Beach,
Park, Recreational and His-
torical Facilities Fund of 1974.

Budget p. 462

Requested 1978-79	\$192,489
Recommended approval	192,489

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item provides \$192,489 for administration of local grants projects financed from the 1974 Park Bond Fund. This item is a reimbursement to the department's general support budget Item 217.

DEPARTMENT OF PARKS AND RECREATION

Item 508 from the State Beach,
Park, Recreational and His-
torical Facilities Bond Fund of 1974.

Budget p. 462

Requested 1978-79	\$3,206,121
Recommended approval	3,206,121\

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 \$3,206,121 for 66 projects as enumerated under Item 508 on pages 154 to 158 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 509 from the State Beach,
Park, Recreational and His-
torical Facilities Bond Fund of 1974

Budget p. 462

Requested 1978-79	Reversions
Recommended approval	Reversions

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item is for reversion of 28 local grant projects. These reversions represent local government decisions.

WILDLIFE CONSERVATION BOARD

Item 510 from the State, Urban
and Coastal Park Bond Fund

Budget p. 432

Requested 1978-79	\$14,900,000
Recommendation pending	14,900,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. Acquisition Projects. Withhold recommendation pending receipt of additional information. 1225

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 provided \$15 million for the acquisition or development of areas to sustain wildlife, provide recreation, and furnish public access to lands or waters for fishing and hunting. At least \$10 million of this amount is to be used for planning, interpretation, and acquisition of coastal projects. The act provides that funds are to be appropriated by the Legislature through the budgetary process.

Acquisition Projects

We withhold recommendation on Item 510 pending receipt of additional information.

The budget requests \$14,900,000 to complete the acquisition of various lands and habitat relating to the 1976 Bond Act. The requested funds are distributed to the following general priority areas:

1. *Coastal Wetlands Acquisition Project, Phase II*
Priority areas include Lake Earl and the Smith River Delta, Mad River Delta, Petaluma Marsh, Napa Marsh, Elkhorn Slough, and Buena Vista Lagoon. \$10,000,000
2. *Big Game Habitat Acquisition Project*
The board is pursuing acquisitions in Slinkard and Little Antelope Valleys in Mono County. 2,400,000
3. *Riparian Habitat and Interior Wetlands Acquisition Project, Phase II*
Interior marshes and riparian habitat areas being pursued are in the Sacramento-San Joaquin Delta and river systems, and along the Colorado and Santa Ana Rivers. 1,500,000
4. *Wild Trout, Salmon and Steelhead Habitat Acquisition Project, Phase II*
Priority areas being pursued include the Truckee River, West Carson River, Battle Creek Sierra Meadows, Merced River, Russian River, Rubicon River, East Carson River, and the Yuba River. 1,000,000

In our opinion, this \$14.9 million appropriation request merits consider-

WILDLIFE CONSERVATION BOARD—Continued

able review, and should be made on a site-by-site basis.

We have asked the Wildlife Conservation Board to provide a detailed report addressing:

1. Specific sites proposed for acquisition and their appraisals; and
2. appraisals made on potential sites.

Upon receipt of this information, we will recommend specific, site-by-site appropriations.

RESOURCES AGENCY

Items 511-512 from the State,
Urban, and Coastal Park Bond
Fund of 1976.

Budget p. 442 and 484

Requested 1978-79 (Total all above items)	\$26,643,582
Recommendation pending	\$26,643,582

ANALYSIS AND RECOMMENDATIONS

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

Items 511 and 512 are budgeted to the Department of Navigation and Ocean Development and the Department of Parks and Recreation for capital outlay projects.

Additional information is needed for evaluation of the individual capital outlay projects. In most cases, information on the projects was either not received in time, or was insufficiently detailed to permit evaluation and formulation of recommendations for inclusion in the Analysis.

<i>Item</i>	<i>Description</i>	<i>Requested</i>
511	Department of Navigation and Ocean Development—boating facility preliminary planning.	\$1,752,000
512	Department of Parks and Recreation—state park facility design, construction, planning and development projects	<u>24,891,582</u>
		\$26,643,582

DEPARTMENT OF WATER RESOURCES

Item 513 from the State Urban
and Coastal Park Bond Fund

Budget p. 512

Requested 1978-79	\$2,200,000
Recommended approval	406,000
Recommended reduction	1,794,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. *Frenchmen's Flat Recreation Lake. Reduce by \$1,794,000.* 1227
Recommend funding of planning and working drawings only.

ANALYSIS AND RECOMMENDATIONS

California Aqueduct Bikeway

We recommend approval.

The budget proposes \$250,000 for improvements along the California Aqueduct Bikeway. The improvements will consist of sanitary stations, vista points, and new pavement. The proposed improvements and associated costs are appropriate and we recommend approval.

Frenchmen's Flat Recreation Lake

We recommend that Item 513(b), design and construction of Frenchmen's Flat Recreation Lake be reduced \$1,794,000 by funding planning and working drawings only.

The budget proposes \$1,950,000 for construction of Frenchmen's Flat Recreation Lake. The 39 acre lake would be north of Los Angeles. The budget proposal would fund an earth-filled dam 75 feet high and 250 feet wide.

We have received inadequate information to determine an appropriate level of funding for this project. The budget request is based on preliminary information that is subject to change in the environmental impact report (EIR) and design stages of the project. Preparation of working drawings is not scheduled to begin until July 1978. Construction would follow in May 1979. This schedule assumes all environmental documentation will be completed by July 1978. Projects of this scope and magnitude typically experience delays in the EIR and design stages, which equally delay the start of construction. We recommend funding only planning and working drawings in the budget year. An accurate request for construction funds based on the working drawings could then be made for 1979-80. Assuming 8 percent of the estimated project cost for planning and working drawings, we recommend an appropriation of \$156,000 which reduces the budget request by \$1,794,000.

WILDLIFE CONSERVATION BOARD

Item 514 from the State, Urban,
and Coastal Park Bond Fund
of 1976.

Budget p. 434

Requested 1978-79	Reappropriation
Recommended approval	Reappropriation

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item would reappropriate \$100,000 appropriated to the Wildlife Conservation Board under Item 441 (a) Budget Act of 1977, to provide for planning of wildlife conservation projects.

The reappropriation is needed to permit continuance of the planning work into the budget year.

DEPARTMENT OF PARKS AND RECREATION

Items 515-516 from the State,
Urban, and Coastal Park Bond
Fund of 1976.

Budget p. 484

Requested 1978-79	Reappropriation and reversion
Recommendation pending	Reappropriation and reversion

ANALYSIS AND RECOMMENDATIONS

We recommend approval be withheld. Additional information is needed for evaluation of the requested reappropriation and reversion for capital outlay projects.

Item 515 contains a request for reappropriation of a capital outlay development project.

Item 516 contains a request for revision of a capital outlay acquisition project.

DEPARTMENT OF PARKS AND RECREATION

Item 517 from the State, Urban,
and Coastal Park Bond Fund
of 1976.

Budget p. 462

Requested 1978-79	\$247,552
Recommended approval	\$247,552

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

This item provides \$247,552 for administration of local grant projects financed from the 1976 Park Bond Fund. This item is a reimbursement to the department's general support budget Item 217.

DEPARTMENT OF PARKS AND RECREATION

Item 518 from the State, Urban,
and Coastal Park Bond Fund
of 1976.

Budget p. 462

Requested 1978-79	\$17,803,846
Recommended approval	\$17,803,846

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

The 1976 State, Urban, and Coastal Park Bond Act (Chapter 259, Statutes of 1976) provides \$85 million for grants to counties, cities, and districts. These grants will be for the acquisition, development or restoration of real property for urban parks, beaches, recreation, and historic preservation projects.

This item would appropriate \$17,803,846 for 259 projects as enumerated under Item 518 on pages 164 to 178 of the Budget Bill as introduced. The grants are locally approved as prescribed in the bond act and represent decisions made by local government.

UNIVERSITY OF CALIFORNIA

Item 521 from the Health
Sciences Facilities Construc-
tion Program Fund (bonds)

Budget p. 860

Requested 1978-79	\$6,300,000
Recommended approval	2,387,000
Recommended reduction	817,000
Recommendation pending	3,096,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
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1. Bond Fund Status Report. Recommend the university provide a status report of the condition of the Health Sciences Facilities Construction Program Bond Fund prior to budget hearings. 1232
2. *University-wide. Project programing and preliminary plans. Reduce by \$50,000.* Recommend deletion of project programing and preliminary planning funds. 1233
3. Davis. Withhold recommendation of working drawings and construction of medical science alterations, pending additional information. 1234
4. *Davis—San Joaquin Valley Clinical Facility. Reduce by \$250,000.* Recommend site acquisition for the San Joaquin Valley Veterinary Clinical facility be reduced. 1234
5. Davis—San Joaquin Valley Clinical Facility. Recommend control language regarding veterinary medicine student class size. 1234
6. Irvine. Withhold recommendation on construction, renovation and improvement alterations to buildings 1 and 53 (UCIMC) pending additional information. 1236
7. *San Diego. Reduce by \$517,000.* Recommend deletion for working drawings and construction of library expansion. 1238

ANALYSIS AND RECOMMENDATIONS

In the 1972 general election, the electorate approved a \$155.9 million Health Sciences Facilities Construction Program Bond Fund to provide expansion, development and construction of health sciences facilities at the University of California. This item provides \$6.3 million from the Health Sciences Construction Program Fund for one Universitywide allocation project and 12 projects at four campuses.

Uncertain Status of Bond Funds

We recommend that the University provide a status report on condition of the Health Sciences Facilities Construction Program Bond Fund prior to budget hearings on Item 521.

The Governor's Budget indicates that if the budget is approved as proposed there will only be \$201,888 remaining in the bond fund. This balance takes into account (1) the original bond amount, (2) estimated

interest income through July 1, 1979, (3) appropriated and encumbered amounts, and (4) funds set aside for inflationary increases in construction costs. However, the information provided by the University indicates that the estimated interest income through July 1, 1979 may be low and at least \$1.1 million additional interest income should be available after July 1, 1979. In addition the total amount of appropriated funds which has been encumbered and the amount set aside for inflationary costs is unclear. In order to properly assess the adequacy of bond funds to provide for future health sciences capital improvement needs, the status of the fund must be clear. Thus, we believe it is essential that the University provide a summary report prior to budget hearings on this item. The report should include at a minimum, the following information:

- (1) Status of appropriations for each approved project including unencumbered balance.
- (2) Total amount set aside for inflationary increases and bases for calculation.
- (3) Estimated annual interest for each year for which such income is anticipated and the basis for the estimate.

Capital Outlay Program for 1978-79

A. Universitywide Projects

We recommend that Item 521 (1) for project programing and preliminary planning Universitywide be deleted, a reduction of \$50,000.

This category contains one project for programing studies, completion of schematic plans and design development for health science projects which will be required after 1978-79. Because of the limited funds remaining in the bond fund any *new* project proposal planned for the health sciences will have to be funded from the capital outlay funds for public higher education, or other sources. Amounts remaining in the bond fund after 1978-79 will be needed to complete projects which have already been planned. Future proposals for the health sciences can be funded under Item 479(1) of the Budget Bill (COFPHE).

B. Davis Campus

The proposal for the Davis Campus includes three projects. The projects and our recommendations are summarized in Table 1. In addition, there

Table 1
University of California
Davis Health Science Projects

Item	Project Title	Phase ^a	Budget Bill Amount	Legislative Analyst Recommendation	Estimated Future Costs ^b
521 (2)	Medical Science Alterations	wc	\$386,000	Pending	524,000
521 (3)	Veterinary Medicine Unit 2	e	663,000	663,000	0
521 (4)	Veterinary Medicine expansion, San Joaquin Valley clinical facility	a	400,000	150,000	2,485,000
TOTAL			\$1,449,000	\$813,000	\$3,009,000

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

^b University estimate

UNIVERSITY OF CALIFORNIA—Continued

are two projects for the Sacramento Medical Center, one each, under Item 479(5) and Item 481. These projects are discussed on page 1181.

Medical Science Alterations

We withhold recommendation on Item 521(2) working drawings and construction of medical science alterations pending additional information.

This proposal represents the initial phase of a multi-phase project to alter space in the new medical sciences unit I building to satisfy the programmatic needs of the School of Veterinary Medicine. This phase will alter approximately 8,600 asf while the total alterations program will affect 31,000 asf.

The medical science unit I building was programed and designed as the permanent basic science facility for use exclusively by the School of Medicine. For a variety of reasons the Medical School class size, which was planned to be increased to 128, will remain at 100 students. However, as originally planned the Veterinary Medicine class size will increase from 100 to 128 students beginning in 1978-79. Because of this, the University determined and the administration and Legislature concurred, that veterinary medicine would occupy a portion of medical sciences unit I. However, the facilities designed for the Medical School are insufficient to meet the combined needs of medicine and veterinary medicine. This project and the remaining phases provide the necessary conversions, utilities and fixed equipment to adapt the facilities to meet the modified needs. The project has been phased because of logistics and the need to continue maximum utilization of the building during alterations.

We concur with the proposed project. However, the University has not completed the preliminary plans, specifications and cost estimates. This information should be available prior to budget hearings.

Veterinary Medicine Unit II

This request represents the initial and only phase of equipment funding for the new 28,000 asf veterinary medicine unit II facility on the Davis campus. The building contains centralized clinical, research and hospital research laboratories. Upon completion this building plus previously funded projects will provide adequate physical facilities for a Veterinary Medicine class size of 128. The project will be under construction in the Spring of 1978 and the requested equipment funds are reasonable. We recommend approval.

San Joaquin Veterinary Medicine Clinical Facility

We recommend that Item 521(4) for site acquisition, San Joaquin Valley clinical facility be reduced by \$250,000.

We recommend further that control language specifying that the university maintain rather than increase the student class size unless specifically approved in the future by the Legislature.

The proposed veterinary clinic in the San Joaquin Valley would fulfill a need for instructional facilities for food animal veterinary medicine. 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 development of this program.

Project Status and Costs. The proposed clinic would 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 be used to provide clinical training for 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 \$2.5 million. Because of limited funds in the Health Science Bond Fund, this future amount would probably 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 state costs.

Site Acquisition Cost Too High. The budget includes \$400,000 to acquire a site in the San Joaquin Valley. The University has indicated that northern Tulare County is best suited to meet the programmatic needs of the clinic. The location has not changed from the proposal presented to the Legislature during budget hearings on the 1977-78 Budget Bill. At that time the University requested, and the Legislature approved, \$150,000 for site acquisition. These funds were subsequently vetoed by the Governor. However, we have received no information indicating that the originally requested \$150,000 was inadequate to purchase a sufficient amount of land. The clinical program has not changed and we recommend that the site acquisition amount be reduced to the prior year request of \$150,000.

Maintain Veterinary Class Size at 128. The University's report dated December 29, 1975, in which it proposed to establish the clinic, also recommended an increase in class size from 128 to 140 students. The Regents 1978-79 capital improvement budget also indicates a potential class size of 140 if the San Joaquin facilities are provided and if the state concurs. 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 an increase in class

UNIVERSITY OF CALIFORNIA—Continued

size is specifically approved by the Legislature in advance.

C. Irvine Campus

The request for the Irvine Campus contains two projects as summarized in Table 2.

Table 2
University of California
Irvine Health Science Projects

Item	Project Title	Phase ^a	Budget Bill Amount	Legislative Analyst Recommendation	Estimated Future Costs ^b
521 (5)	Medical Surge alterations	e	\$110,000	\$110,000	0
521 (6)	Renovations and improvements, alteration to buildings 1 and 53 (UCIMC)	c	2,600,000	Pending	0
	Total		\$7,710,000	\$110,000	0

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

^b University estimate

Medical Surge Alterations

We recommend approval of Item 521 (5), equip medical surge alterations.

The planning and construction phase of this project was funded in the Budget Act of 1977. The project has proceeded on schedule and the requested equipment funds are appropriate. Alterations of the medical surge facility was necessary to expand the capacity of existing teaching laboratories to assist in accommodating the 96 students MD class size.

Renovations and Improvements, Alterations to Buildings 1 and 53

We withhold recommendation on 521 (6), construction, renovation, and improvement alterations to buildings 1 and 53 at the University of California, Irvine Medical Center.

Funds to prepare working drawings for this project were appropriated in the Budget Act of 1976, and in June 1977 the State Public Works Board allocated the funds. However, the working drawings have not been completed and the University's project schedule indicates a June completion date. This is an extremely long time frame for completion of the drawings. Because the information should be available to the Legislature prior to appropriation of construction funds we urge the University to expedite the project.

The proposed project will alter Building I (the original hospital building) for pathology, therapeutic, radiology, nuclear medicine, administration, surgery and pediatrics. Building 53 will be altered for administration and fiscal activities. Because the project was identified in general terms only when working drawing funds were appropriated there have been significant modifications to the previously approved project. Although the functions to be accommodated have not changed, the amount of space proposed for alterations has increased from 28,300 asf to 39,550 asf. The University's documentation indicates that if the alterations prove to be

more costly than estimated, the alterations to accommodate therapeutic radiology and nuclear medicine may not be made. Prior to appropriating the construction amount, the Legislature should be appraised of (1) the scope of the project and (2) accurate cost estimates. If the therapeutic radiology and nuclear medicine alterations are necessary the University should indicate the related costs and the Legislature should consider funding those needs on their merits. However, it appears that therapeutic radiology and nuclear medicine are of a low priority and should be deleted from the project. In view of this we withhold our recommendation until the appropriate information is available.

D. San Diego Campus

The program for the San Diego Health Science Campus includes four projects totaling \$902,000. A summary of the program and our recommendations for each project are included in Table 3.

Table 3
University of California
San Diego Health Science Projects

Item	Project Title	Phase ^a	Budget Bill Amount	Legislative Analyst Recommendation	Estimated Future Costs ^b
521 (7)	University hospital remodel released clinic areas. First floor.	e	\$114,000	\$114,000	\$0
521 (8)	University hospital, relocate nuclear medicine	e	14,000	14,000	0
521 (9)	University hospital radiation therapy expansion, step 3	c	257,000	257,000	0
521 (10)	UCMC, San Diego library expansion	wc	517,000	0	59,000
TOTAL			\$902,000	\$385,000	\$59,000

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

^b University estimates.

Equipment Projects

We recommend approval of Item 521 (7) and 521 (8) for equipping areas within the University Hospital.

The budget includes two items for equipping space within the University Hospital. These include \$114,000 for remodeled clinic areas on the first floor and \$14,000 for nuclear medicine. The construction phase of each project has proceeded and the altered areas should be available for occupancy early in the fiscal year. The requested equipment and associated costs are reasonable. We recommend approval.

University Hospital—Radiation Expansion, Step Three

We recommend approval of Item 521 (9) to construct University Hospital, radiation therapy expansion, step 3.

This project will provide for alteration of approximately 4,500 asf in the basement of University Hospital to provide expanded and improved facilities for radiation therapy services. Working drawings for this project were appropriated in the Budget Act of 1976. However, the project has not proceeded because approximately one-third of the space to be assigned to radiation therapy is currently occupied by nuclear medicine. The project

UNIVERSITY OF CALIFORNIA—Continued

to relocate nuclear medicine is underway and the space should be vacated and ready for alterations early in the fiscal year. The proposed alterations are necessary to achieve full utilization of the hospital's treatment equipment and will improve the teaching environment. We concur with the request and recommend approval.

Library Expansion

We recommend that Item 521 (10), for working drawings and construction of UCMC, San Diego, library expansion be deleted, a reduction of \$517,000.

The Budget Bill includes \$517,000 for development of a 7,100 asf library facility near the University Hospital of San Diego County. Planning documents are unavailable for this proposal.

The Regents budget included a request for \$872,000 to develop an 8,700 asf library facility near the University Hospital. The university's proposal would nearly triple the 3,054 asf library space currently available at the hospital. A summary of the university's proposal and existing library space follows:

<i>Library Function</i>	<i>Existing (asf)</i>	<i>Proposed (asf)</i>
Book stacks	1,779	2,110
Microform, slides etc.	25	50
Study areas.....	700	4,340
Staff work areas	550	2,200
TOTAL	3,054	8,700

We have no information on the space reductions indicated by the Governor's Budget. In any case, the library at the San Diego University Hospital appears to be reasonably adequate when compared to facilities at the Sacramento Medical Center (4318 asf) and the Irvine Medical Center (2396 asf). Alterations to space adjoining the existing library within university Hospital may be appropriate. However, construction of an entirely new library remote from the hospital does not appear reasonable.

Prior Funding. The Budget Act of 1973 appropriated funds for expansion of the existing library within the hospital. However, because of limited availability of bond funds and the low priority need for this project, the Legislature, at the request of the University, reverted the 1973 appropriation. As indicated earlier the Health Science Bond Fund is nearly depleted and the available funds should be used to complete projects for which funds have already been appropriated and/or to complete high priority projects. Consequently, in view of the apparent low priority of this project and the limited amount of bond funds available for health sciences needs, we recommend deletion of Item 521 (10).

E. San Francisco Campus

The proposal for the San Francisco Campus contains three projects which are related to the dentistry program. A summary of the projects and our recommendation for each is contained in Table 4.

Equipment Requests

The construction of the facilities for which equipment is requested was approved in prior Budget Acts. The School of Dentistry Building is sched-

Table 4
University of California
San Francisco Health Science Projects

<i>Item</i>	<i>Project Title</i>	<i>Phase^a</i>	<i>Budget Bill Amount</i>	<i>Legislative Analyst Recommendation</i>	<i>Estimated Future Costs^b</i>
521 (11)	Dentistry building.....	e	\$1,009,000	\$1,009,000	0
521 (12)	Clinics and medical science building alterations, Step 2	e	22,000	22,000	0
521 (13)	Clinic and medical services building alteration, Step 3	pw	158,000	158,000	2,058,000
TOTAL.....			\$1,189,000	\$1,189,000	\$2,058,000

^a Phase symbol indicates: p—preliminary plans; w—working drawings; e—equipment

^b University estimates.

uled for completion in the summer of 1979 and the alterations project is scheduled for completion in the fall of 1978. Although the dentistry building will not be completed until mid-1979 the request for equipment funding at this time is appropriate in order to assure that the building is operational for the 1979 fall academic program. The requested equipment amount for each project is appropriate and we recommend approval.

Clinic and Medical Services Building Alterations, Step 3

This proposal is for planning and working drawings for the third and final step of alterations to on-campus space reassigned to the School of Dentistry. Upon completion of the new dentistry building and the various alteration projects the School of Dentistry will have a total of approximately 162,000 asf. The space includes 67,000 asf in existing on-campus space, 68,000 asf in the new dentistry building, 14,000 asf at San Francisco General Hospital, 10,000 asf in the community dental clinic at San Francisco Extension Center and 3,000 asf at off-campus community hospitals. The requested planning and working drawings project is consistent with the approved dentistry physical facility plan and we recommend approval.

CONTROL SECTIONS

Sections 4 through 37 of the Budget Bill are the so-called "control sections" which place limitations upon the expenditure of certain appropriations, extend or terminate the availability of certain specified prior appropriations, define the authority of the Director of Finance with respect to reductions and transfers within and between categories of expenditure and contain the usual severability and urgency clauses.

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