Senate Budget and Fiscal Review—Mark Leno, Chair

SUBCOMMITTEE NO. 1 Agenda

Senator Carol Liu, Chair
Senator Ted Gaines
Senator Roderick Wright

Thursday, May 3, 2012
Upon adjournment of Senate Budget and Fiscal Review Committee
Room 4203, State Capitol

PART A

SUMMARY CHART, ITEMS PROPOSED FOR VOTE ONLY:

Item	Campus	Project	Phase	Action
1	None – CA State Library	Relocation for Infrastructure Renovation, Year 5	N/A	Approve
2	None – CA State Library	Sutro Library Relocation, Ongoing Operations	N/A	Approve
	UC Capital Outlay: Various Project Reappropriations			
3a	Berkeley	Helios Energy Research Facility	C	Approve
3b	Riverside	Environmental Health and Safety Expansion	W, C	Approve
3c	Los Angeles San Diego San Francisco	Telemedicine and PRIME Facilities, Phase 2	E	Approve
3d	Merced	Site Development and Infrastructure, Phase 4	C	Approve
3e	Riverside	East Campus Infrastructure and Improvements, Phase 2	C	Approve
3f	San Diego	Structural and Materials Engineering Building	E	Approve
3g	San Diego	Scripps Institution of Oceanography Research Support Facilities	C	Approve
3h	Santa Barbara	Davidson Library Addition and Renovation	W, C	
	CSU Capital Outlay: Various Project Reappropriations			
4a	Bakersfield	Art Center and Satellite Plant	W, C	Approve
4b	Maritime Academy	Physical Education Replacement	P, W, C	Approve
4c	Monterey Bay	Academic Building II	P, W, C	Approve
4d	Chico	Taylor II Replacement Building	W, C	Approve
4e	Fresno	Faculty Office/Laboratory Building	W, C	Approve
4f	East Bay	Warren Hall Replacement Building	P, W, C	Approve
4g	Channel Islands	West Hall	W, C	Approve
4h	San Jose	Spartan Complex Renovation	W, C	Approve
4i	San Bernardino	Access Compliance Barrier Removal Project	W, C	Approve
	CCC Capital Outlay: Various Project Reappropriations			
5a	College of the Canyons, Santa Clarita CCD	Administrative and Student Services Building	C, E	Approve
5b	El Camino Compton Center, El Camino CCD	Allied Health Building	C	Approve
5c	Gavilan College, Gavilan CCD	Replace Water Supply System	W, C	Approve
5d	Pacific Coast Campus, Long Beach City College, Long Beach CCD	Multi-Disciplinary Academic Building	E	Approve
	UC, CSU, and CCC Capital Outlay: Continuing Projects, Phase Appropriations			
6a	UC Santa Cruz	Infrastructure Improvements, Phase 2	C	Approve
6b	CSU San Diego	Storm/Nasatir Hall Renovation	E	Approve
6c	CSU Stanislaus	Science I Renovation	E	Approve
6d	CSU Channel Islands	Classroom and Faculty Office Renovation/Addition	E	Approve
6e	Glendale CCD, Glendale College	Laboratory and College Services Building	C, E	Approve
	UC and CSU Capital Outlay: Various Extensions of Project Liquidation Periods			
7a	UC Berkeley	Campbell Hall Seismic Replacement Building	W	Approve
7b	CSU Channel Islands	Infrastructure Improvements, Phase 1A and 1B	C	Approve
	CCC Capital Outlay: Various Project Reversions			
8a	11 CCDs	Please see page 12 for detailed listing	N/A	Approve

Staff Recommendation. Approve the above list of proposed vote-only items.

DESCRIPTIONS OF ITEMS PROPOSED FOR VOTE ONLY

ITEM 1. CSL RELOCATION FOR INFRASTRUCTURE RENOVATION, YEAR 5

Governor's Budget Request. The January budget requests $3.9 million GF in one-time and ongoing operations funding for year five of the project to renovate the historic Stanley Mosk Library and Courts Building (Building). The California State Library (CSL) is housed in the Building, which is located at 914 Capitol Mall and was constructed in 1928. The 2005 Budget Act provided funds for the renovation of the Building, consisting of fire, life safety, and infrastructure improvements and the rehabilitation of historically significant architectural elements. During the renovation, the CSL was unable to remain in the Building. The majority of the staff relocated to the nearby Library and Courts Annex building (Annex). A separate space was leased in West Sacramento to temporarily house the CSL's extensive collections. As this is the final year of the renovation project, the resources in this request will support the following activities: (1) return CSL staff and collections to the Building and the Annex, and resume full library operations in those locations; (2) add shelving capacity to the Building and the Annex to offset the loss of shelving resulting from architectural modifications made to the Building during the renovation; and (3) purchase of equipment necessary to resume full library operations in the Building. Beginning in 2013-14, and ongoing, the CSL's operating costs are estimated to decrease by $141,000 over current year costs.

ITEM 2. CSL SUTRO LIBRARY RELOCATION, ONGOING OPERATIONS

Governor's Budget Request. The January budget requests $236,000 GF in 2012-13 and ongoing to support the operations of the Sutro Library Branch of the CSL in the newly renovated San Francisco State J. Paul Leonard Library (JPLL). The Sutro Library holds a distinguished collection of rare books and manuscripts and is viewed as one of the foremost collections in the country of family histories and U.S. local histories. Legislation in 2002 and 2006 appropriated funding for the JPLL joint use library. The renovation of the JPLL began in 2007; the Sutro Library took occupancy of the fifth and sixth floors of the completed JPLL space during 2011-12. The resources in this request are a continuation of the resources provided in 2011-12 to relocate the Sutro Library and establish operations in the JPLL space.

ITEM 3. UC CAPITAL OUTLAY: VARIOUS PROJECT REAPPROPRIATIONS

3a. UC Berkeley – Helios Energy Research Facility

Governor's Budget Request. The January budget requests a reappropriation for the construction phase of the Helios Energy Research Facility project at UC Berkeley. The Helios Energy Research Facility consists of two buildings, the Helios Energy Research Facility, located adjacent to the Berkeley Campus, and the Solar Energy Research Center, located on the Lawrence Berkeley National Laboratory. The reappropriation is for construction of the Solar Energy Research Center, a building housing research devoted to nanoscale photovoltaic and electrochemical solar energy systems. The reappropriation is necessary because a lease-revenue bond sale has not been scheduled for the 2011-12 fiscal year and the campus has not yet been able to encumber the funds within the required time period.

3b. UC Riverside – Environmental Health and Safety Expansion

Governor's Budget Request. The January budget requests a reappropriation for the working drawings and construction phases of the Environmental Health and Safety Expansion project at UC Riverside. The project will provide new waste handling facilities and related office and support space to help this unit respond to the increased health and safety-related requirements of the growing campus. A reappropriation is necessary because a lease-revenue bond sale has not been scheduled for the 2011-12 fiscal year and the campus has not yet been able to encumber the funds within the required time period.

3c. UC Los Angeles, UC San Diego, and UC San Francisco – Telemedicine and PRIME Facilities, Phase 2

Governor's Budget Request. An April 1 Finance Letter requests reappropriations for the equipment phases for telemedicine and PRIME program related facilities projects in conjunction with the UC Los Angeles, UC San Diego, and UC San Francisco campuses. These reappropriations are necessary because a few of the clinics initially identified as community partners have closed due to financial or unforeseen circumstances. Thus, the campuses are in the process of contracting with financially viable clinics that serve the same communities, and additional time is needed for equipment purchases. All contracts with the clinics are anticipated to be complete by fall 2012.

3d. Merced – Site Development and Infrastructure, Phase 4

Governor's Budget Request. An April 1 Finance Letter requests a reappropriation for the construction phase of the Site Development and Infrastructure, Phase 4, project at UC Merced. The project will provide necessary infrastructure and site development work to provide erosion control and storm water management, perimeter and interior road improvements, and improvements to the existing corporation yard; improve functionality of the central plant and telecommunications building; and install utilities to support future building sites in the core campus. A reappropriation is needed because the 1996 GO bond funding appropriated for the project's preliminary plans and working drawings were not sold until late November 2011, thereby causing a significant delay in the project schedule. As a result of the delay in design funding and work, the campus will not be able to proceed to bid prior to June 30, 2012.

3e. Riverside – East Campus Infrastructure and Improvements, Phase 2

Governor's Budget Request. An April 1 Finance Letter requests a reappropriation for the construction phase of the East Campus Infrastructure and Improvements, Phase 2, project at UC Riverside. The project will provide upgrades to heating, cooling, and electrical service; extension of the utility infrastructure to the development area north of North Campus Drive; installation of a new boiler and chiller; and construction of a new thermal energy storage tank. A reappropriation is needed because the campus needs more time to award all construction contracts. The project proceeded to bid in 2010, and all bids came in over budget. After the campus re-evaluated the project, it sought Regental approval of an augmentation of $3 million using one-time campus funds from its Short-Term Investment Pool. The reappropriation will allow the time needed to award all contracts of this multi-component infrastructure project in fall 2012.

3f. San Diego – Structural and Materials Engineering Building

Governor's Budget Request. An April 1 Finance Letter requests two reappropriations for the equipment phase of the Structural and Materials Engineering Building project at UC San Diego. The project will provide new instructional and research space for the Jacobs School of Engineering and Department of Visual Arts. The new building, which includes instructional, research laboratory, studio, and office space, will address space deficiencies due to recent and projected growth. The reappropriations are needed because the project experienced a year-and-a-half delay in the start of construction due to the Pooled Money Investment Board funding freeze. Consequently, construction is expected to be completed by August 2012 and additional time for equipment purchases will be needed so the building can be occupied in fall 2012.

3g. San Diego – Scripps Institution of Oceanography (SIO) Research Support Facilities

Governor's Budget Request. An April 1 Finance Letter requests a reappropriation for the construction phase of the SIO Research Support Facilities project at UC San Diego. The project will replace currently deficient space by constructing new interior research space and new exterior research support areas at the SIO. The project also includes improvements to the existing access road. A reappropriation is needed because bond funding for the project's design phase was not sold until late November 2011, thereby causing a delay in the project schedule. Preliminary plans were approved in February 2012. The lease-revenue bonds to fund the construction phase are anticipated to be sold in a fall 2012 bond sale. Consequently, the campus will not be able to proceed to bid by June 30, 2012.

3h. Santa Barbara – Davidson Library Addition and Renovation

Governor's Budget Request. An April 1 Finance Letter requests a reappropriation for the working drawings and construction phases of the Davidson Library Addition and Renovation project at UC Santa Barbara. The project will construct new library facilities and renovate and seismically upgrade existing library facilities on the Santa Barbara campus. The project will provide additional collections space and additional reading and computing workspace for users, consolidate library operations for greater operational efficiency, and address seismic and life safety deficiencies in the existing buildings. A reappropriation is needed because of unforeseen seismic issues in the project's eight-story tower which requires additional design and construction work, and the project is also awaiting funding from a lease-revenue bond sale. The reappropriation will allow the campus to perform this additional work and be prepared for a future lease-revenue bond sale.

4. CSU CAPITAL OUTLAY: VARIOUS PROJECT REAPPROPRIATIONS

4a. Bakersfield – Art Center and Satellite Plant

Governor's Budget Request. The January budget requests a reappropriation for the working drawings and construction phases of the Art Center and Satellite Plant project at CSU Bakersfield. The project will construct a new art center and satellite mechanical plan, and extend the campus sewer line. A budget reappropriation is necessary because a lease-revenue bond sale has not been scheduled for this project in 2011-12 budget year, and the campus has thus been unable to encumber the funds within the required time period.

4b. Maritime Academy – Physical Education Replacement

Governor's Budget Request. The January budget requests a reappropriation for the preliminary plans, working drawings, and construction phases of the Physical Education Replacement project at the Maritime Academy. The project will replace the existing Physical Education Building and Natatorium that were constructed in 1944 and 1947, respectively. A budget reappropriation is necessary because a lease-revenue bond sale has not been scheduled for this project in the 2011-12 fiscal year, and the campus has thus been unable to encumber the funds within the required time period.

4c. Monterey Bay – Academic Building II

Governor's Budget Request. The January budget requests a reappropriation for the preliminary plans, working drawings, and construction phases of the Academic Building II project at CSU Monterey Bay. The project will build a new facility for instructional program support space for the School of Information Technology and Communications Design and School of Business. A budget reappropriation is necessary because a lease-revenue bond sale has not been scheduled for this project in the 2011-12 fiscal year, and the campus has thus been unable to encumber the funds within the required time period.

4d. Chico – Taylor II Replacement Building

Governor's Budget Request. The January budget requests a reappropriation for the construction phase of the Taylor II Replacement Building project at CSU Chico. The project proposes to demolish the 42-year-old Alva P. Taylor Hall and construct the new Taylor II Replacement Building to accommodate the College of Humanities and Fine Arts. A budget reappropriation is necessary because a lease-revenue bond sale has not been scheduled for this project in the 2011-12 fiscal year, and the campus has thus been unable to encumber the funds within the required time period.

An April 1 Finance Letter separately requests a reappropriation for working drawings for this project. The reappropriation is necessary because the GO bond sale to fund the design phase of this project did not occur until late in the fall of 2011, necessitating additional time for completion of the working drawings.

4e. Fresno – Faculty Office/Laboratory Building

Governor's Budget Request. The January budget requests a reappropriation for the construction phase of the Faculty Office/Laboratory Building project at CSU Fresno. The project will construct a new two-story facility to house graduate research laboratories, classroom space, and faculty offices for the Colleges of Health and Human Services and Physical Education. A budget reappropriation is necessary because a lease-revenue bond sale has not been scheduled for this project in the 2011-12 fiscal year, and the campus has thus been unable to encumber the funds within the required time period.

An April 1 Finance Letter separately requests a reappropriation for working drawings for this project. The reappropriation is necessary because the GO bond sale to fund the design phase of this project did not occur until late in the fall of 2011, necessitating additional time for completion of the working drawings.

4f. East Bay – Warren Hall Replacement Building

Governor's Budget Request. The January budget requests a reappropriation for the preliminary plans, working drawings, and construction phases of the Warren Hall Replacement Building project at CSU East Bay. The project will demolish the E. Guy Warren Hall Building and construct a new replacement office building adjacent to the Warren Hall site. A budget reappropriation is necessary because a lease-revenue bond sale has not been scheduled for this project in the 2011-12 fiscal year, and the campus has thus been unable to encumber the funds within the required time period.

4g. Channel Islands – West Hall

Governor's Budget Request. The January budget requests a reappropriation for the construction phase of the West Hall project at CSU Channel Islands. The project will renovate a portion of West Hall and add lecture and laboratory space and faculty offices. A budget reappropriation is necessary because a lease-revenue bond sale has not been scheduled for this project in the 2011-12 fiscal year, and the campus has thus been unable to encumber the funds within the required time period.

An April 1 Finance Letter separately requests a reappropriation for working drawings for this project. The reappropriation is necessary because the GO bond sale to fund the design phase of this project did not occur until late in the fall of 2011, necessitating additional time for completion of the working drawings.

4h. San Jose – Spartan Complex Renovation

Governor's Budget Request. The January budget request a reappropriation for the construction phase of the Spartan Complex Renovation at CSU San Jose. The project will retrofit the Spartan Complex, including the Uchida Hall/Natatorium, Uchida Hall Annex, Spartan Complex East, and Spartan Complex Central, which is classified with a seismic Level 5 rating. A budget reappropriation is necessary because a lease-revenue bond sale has not been scheduled for this project in the 2011-12 fiscal year, and the campus has thus been unable to encumber the funds within the required time period.

An April 1 Finance Letter separately requests a reappropriation for working drawings for this project. The reappropriation is necessary because the GO bond sale to fund the design phase of this project did not occur until late in the fall of 2011, necessitating additional time for completion of the working drawings.

4i. San Bernardino – Access Compliance Barrier Removal Project

Governor's Budget Request. An April 1 Finance Letter requests a reappropriation for the working drawings and construction phases of the Access Compliance Barrier Removal project at CSU San Bernardino. The project is necessary to conform with a court ordered legal settlement related to ADA compliance. The project removes existing access barriers on the campus. Progress has been steady and the project is 62 percent complete. A reappropriation is necessary due to the state's suspension of capital outlay projects and resulting changes in how the state provides cash to delayed projects; this project was one of the last to receive all the needed cash for the project. Consequently, additional time is needed for the orderly completion of the project.

ITEM 5. CCC CAPITAL OUTLAY: VARIOUS PROJECT REAPPROPRIATIONS

5a. Santa Clarita CCD, College of the Canyons – Administrative and Student Services Building

Governor's Budget Request. An April 1 Finance Letter requests a reappropriation for the construction and equipment phases of the Administrative and Student Service Building project at the College of the Canyons. The project will consolidate student services and administrative functions that are now scattered throughout the campus. The project also includes the demolition of the existing Colleges Services Building which is under-sized and outmoded. A reappropriation is necessary because of delays with obtaining final design approval from the Division of the State Architect (DSA). The district is expected to receive permission to go to bid by July 1, 2012; however, the project schedule is very tight and any further unforeseen delays could result in reversion of construction funds if the project is not reappropriated.

5b. El Camino CCD, El Camino Compton Center – Allied Health Building

Governor's Budget Request. An April 1 Finance Letter requests a reappropriation for the construction phase of the Allied Health Building project at the El Camino Compton Center. The project will renovate and reactive existing classroom, health science laboratories, office, and computer study space. The Allied Health instructional programs were displaced from the Allied Health Building when the facility was damaged by a flood in December 2006. Since that time, the program has been located in "make-shift" facilities that are not appropriate to house the curriculum. Allied Health Instruction must move to permanent space in order to support degree and certificate programs in Nursing, Licensed Vocational Nursing, and Clinical Nursing Assistant. A reappropriation is necessary because unforeseen soil conditions required the district to re-work the foundations and structure of the project in the working drawings resulting in delaying the submission of the plans to the DSA. After securing other approvals from the Chancellor's Office and DOF, the district is expected to receive permission to go to bid by June 30, 2012; however, the project schedule is very tight and any further unforeseen delays could result in reversion of construction funds if the project is not reappropriated.

5c. Gavilan CCD, Gavilan College – Replace Water Supply System

Governor's Budget Request. An April 1 Finance Letter requests a reappropriation for the working drawings and construction phases of the project to replace the water supply system at Gavilan College. The current domestic, fire, and potable water distribution system was constructed in 1966, along with the initial Gavilan campus buildings. The backbone of this distribution system is comprised of a water main that connects a one million gallon steel tank located on the foothill immediately above the campus to a well that is located 1,000 feet east of the campus. Due to several seismic events over the past 44 years, the water tank has lost wall shell ductility, which has caused the bottom tier to buckle and bulge out. The tank cannot be filled to fire marshal mandated levels out of fear of collapse. The overall scope of the project is to build a replacement water system that has two new 669,000 gallon reservoir tanks with a replacement water distribution system that is properly sized to distribute the fire and irrigation demands for the campus. A reappropriation is necessary because of findings during the environmental review process that has caused a delay in the completion of the Environmental Impact Report, which is now expected to be completed in October 2012.

5d. Long Beach CCD, Long Beach City College, Pacific Coast Campus – Multi-Disciplinary Academic Building

Governor's Budget Request. An April 1 Finance Letter requests a reappropriation for the equipment phase of the Multi-Disciplinary Academic Building project at Long Beach City College. The project will renovate space in four buildings that comprise the academic core of the campus. A reappropriation is necessary because of construction delays, which have all been resolved. The project's construction schedule was slower than expected because of some abatement issues, DSA review of tie beam details, and delays in the demolition process. The project may not reach 50 percent completion prior to the expiration of the encumbrance period for equipment on June 30, 2012.

ITEM 6. UC, CSU, AND CCC CAPITAL OUTLAY: CONTINUING PROJECTS, PHASE APPROPRIATIONS

6a. UC Santa Cruz – Infrastructure Improvements, Phase 2

Governor's Budget Request. An April 1 Finance Letter requests the addition of two budget bill items, in the amount of $7.732 million ($6.532 million from the Public Education Facilities Bond Act of 1996 and $1.2 million from the Higher Education Facilities Bond Act of June 1992), to fund the construction phase of the Infrastructure Improvements Phase 2 project at UC Santa Cruz. Total project costs are $8.416 million from GO bonds.

The 2006 and 2007 Budgets appropriated a total of $684,000 from GO bonds for the preliminary plans ($367,000) and working drawings ($317,000) phases for this project. The project is part of a multi-phase program of improvements to existing campus infrastructure to provide increased infrastructure reliability, to increase systems capacity, and to respond to problems presented by the unique campus topography. The project will provide improvements to electrical, natural gas, storm water drainage, and campus core heating water systems. This is the second of three planned projects designed to improve infrastructure reliability on the Santa Cruz campus. The project had been delayed due to the prior year's suspension of capital outlay projects resulting in changes in how the state provides cash to delayed projects. Consequently, UC is now able to proceed using available GO bonds to complete the project.

6b. CSU San Diego – Storm/Nasatir Halls Renovation

Governor's Budget Request. An April 1 Finance Letter requests $2.583 million in GO bond funding for the equipment phase of the Storm/Nasatir Hall Renovation project at CSU San Diego. Through a combination of replacement facilities, an addition, and a renovation, the project will provide lecture space, lower- and upper-division laboratory space, and faculty offices in Storm Hall and Nasatir Hall. This is the first major renovation performed on these facilities, which were originally completed in 1957, and will address asbestos and lead paint abatement, seismic deficiencies, ADA accessibility, fire code violations, electrical, HVAC and telecommunications deficiencies, and elevator and stairway improvements. A building addition will provide a 180 seat lecture hall, faculty office, and improved circulation. Equipment funding is requested at 85 percent of new construction due to the extensive reprogramming of building uses and the building addition (generally, equipment funding is provided at 100 percent of construction). The project is dependent upon state and non-state funding from the Aztec Shops and the Associated Students.

6c. CSU Stanislaus – Science I Renovation

Governor's Budget Request. An April 1 Finance Letter requests $1.757 million in GO bond funding for the equipment phase of the Science I Renovation project at CSU Stanislaus. The project will equip the Science Building I. The construction phase of this project renovated the building, which had a seismic Level 5 rating. The renovation accommodated growth of general education programs, including business, education, and social sciences.

6d. CSU Channel Islands – Classroom and Faculty Offices Renovation/Addition

Governor's Budget Request. An April 1 Finance Letter requests $1.209 million in GO bond funding for the equipment phase of the Classroom and Faculty Offices Renovation/Addition project at CSU Channel Islands. The project will equip the renovation of the North Hall and the addition of new construction. The construction phase of this project provided classrooms, faculty offices, and support space on two levels.

6e. Glendale CCD, Glendale College – Laboratory and College Services Building

Governor's Budget Request. An April 1 Finance Letter requests the addition of a new budget item, in the amount of $41.237 million in GO bond funding for the construction and equipment phases of the Laboratory and College Services Building project at Glendale College. The project will construct a three-story building to replace temporary instructional facilities and to expand college facilities to meet enrollment levels that will be on campus when the building is occupiable. The laboratory space is for the interdisciplinary studies, Journalism, English, Anthropology, and commercial services programs. The 2007 Budget Act appropriated $2.769 million for preliminary plans and working drawings. In the past few months, various community college districts have experienced significant bid savings that has resulted in sufficient bond authority becoming available to fund this project (please see Agenda Item 8 for a discussion of the reversions that cumulatively fund this project).

ITEM 7. UC AND CSU CAPITAL OUTLAY, EXTENSIONS OF PROJECT LIQUIDATION PERIODS

7a. UC Berkeley – Campbell Hall Seismic Replacement Building

Governor's Budget Request. An April 1 Finance Letter requests to extend the liquidation period by one additional year (until June 30, 2013) for the working drawings phase of the Campbell Hall Seismic Replacement Building project at UC Berkeley. The working drawings phase was originally phase appropriated in 2007. Additional time is requested to resolve various design issues (e.g., proper sizing of steam pipes and data communication lines) before payments can be finalized.

7b. CSU Channel Islands – Infrastructure Improvements, Phase 1A and 1B

Governor's Budget Request. An April 1 Finance Letter requests to extend the liquidation period by one additional year (until June 30, 2013) for the construction phase of the Infrastructure Improvements Phase 1A and 1B project at CSU Channel Islands. The project has been completed; however, the project has an outstanding contractor claim for which additional time is needed to reach resolution.

ITEM 8. CCC CAPITAL OUTLAY, VARIOUS PROJECT REVERSIONS

Governor's Budget Request. An April 1 Finance Letter requests to revert the unencumbered construction or equipment balances of 11 projects in various CCC districts. These balances are project savings and/or decisions by districts not to proceed with the project at this time and the funds are no longer needed. The three projects which are solely decisions by districts not to proceed with a given project are noted with an asterisk.

Figure 1 – CCC Projects with Reverting Unencumbered Amounts

Project Name	Item, Budget Act (BA)	Amount
San Luis Obispo CCD, North County Center, Technology and Trades Complex*	6870-301-6041(34), BA 2005	$7,816,000
Napa Valley CCD, Napa Valley College, Library/Learning Resource Center	6870-303-6049(17), BA 2006	$3,869,000
Grossmont-Cuyamaca CCD, Cuyamaca College, LRC Expansion/Remodel, Phase I	6870-303-6049(3), BA 2007	$74,000
Coast CCD, Orange Coast College, Consumer and Science Lab Building	6870-301-6049(4), BA 2008	$19,000
Ohlone CCD, Ohlone College, Fire Suppression*	6870-303-6041(1), BA 2008	$5,257,000
Sonoma CCD, Santa Rosa Jr. College, Public Safety Training Center Advanced Laboratory & Office Complex*	6870-301-6049(25), BA 2008	$5,748,000
Riverside CCD, Riverside City College, Nursing Science Building	6870-301-6049(16), BA 2008	$1,786,000
Santa Clarita CCD, College of the Canyons, Library Addition	6870-301-6049(20), BA 2008	$5,099,000
West Valley-Mission CCD, District wide, Fire Alarm System Replacement	6870-301-6049(18), BA 2009	$8,475,000
Monterey Peninsula CCD, Monterey Peninsula College, Humanities, Business, Student Services	6870-301-6049(4), BA 2010	$1,349,000
State Center CCD, Fresno City College, Old Administrative Building, North and East Wings, Ph.III	6870-301-6049(7), BA 2010	$200,000
	6041 Bond Total	**$13,073,000**
	6049 Bond Total	**$26,619,000**
	Total, All Bonds	**$39,692,000**

PROPOSED VOTE-DISCUSSION ITEMS

6120 CALIFORNIA STATE LIBRARY

Department Overview. Founded in 1850, the California State Library (CSL) is the oldest and most continuous cultural agency in the state. Among its responsibilities, the CSL supports a transparent government by collecting, preserving, and ensuring access to government publications; ensures access to books and information for the visually impaired or those who are otherwise physically handicapped and unable to read standard print; provides library and information services to the legislative and executive branches of state government, members of the public, and public libraries; administers and promotes literacy outreach programs; and develops technological systems to improve resource sharing and enhance access to information.

2011 Budget Act. As part of the triggers included in the 2011 Budget Act, and effective January 1, 2012, funding for three local assistance programs, as well as the Public Library Foundation (PLF) and the California Civil Liberties Public Education Program (CCLPEP), were eliminated. The three local assistance programs eliminated were: (1) California Library Literacy Services; (2) California Library Services Act; and (3) California Newspaper Project. These reductions (excluding for PLF and CCLPEP) total nearly $12 million.

Figure 2 – CSL Major Sources of Funding *(dollars in thousands)*

Funding Source	2010-11	2011-12	2011-12 revised	2012-13
General Fund	$10,190	$10,770[2]	$10,770[2]	$12,740[3]
General Fund - Local Assistance	$31,056	$15,866	$0	$0
Central Service Cost Recovery Fund	$1,368	$1,734	$1,734	$1,275
Federal Funds – State Operations[1]	$7,259	$7,257	$7,257	$7,380
Federal Funds – Local Assistance[1]	$12,518	$12,518	$12,518	$12,518
Other Funds (excludes debt service)	$3,655	$2,539	$3,091	$2,616
Total	**$66,046**	**$50,684**	**$35,370**	**$36,529**

[1]Due to calendar differences between the state and federal fiscal years, and the fact that the federal funds are available for expenditure over two years, the amount of federal funding displayed in a given state fiscal year totals greater than $16 million total received from the federal government.
[2]Increased General Funds in 2011-12 were the result of various adjustments, including for the end of employee furloughs.
[3]The 2012-13 General Fund allocation reflects an increase over 2011-12, even in light of the $1.1 million reduction in the budget, due to several factors, including costs associated with the CSL's relocation back into the Library & Courts Building which has been under extensive renovations.

Item 1: CSL State Operations Proposed Reduction

Governor's Budget Request. The January budget reduces the CSL's 2012-13 operating budget by $1.1 million GF and 13 positions reflective of reduced workload levels due to the 2011 Budget Act trigger cut that eliminated five local assistance library programs: (1) California Library Literacy Services; (2) California Library Services Act; (3) California Civil Liberties Public Education Program; (4) Public Library Foundation; and (5) California Newspaper Project were eliminated. These reductions totaled $15.9 million GF.

The January budget proposal was modified by an April 1 Finance Letter augmenting the CSL budget by $609,000 GF and three positions to more accurately reflect the resources dedicated to ongoing programs and functions at the CSL and to refine the state operations reduction included in the January budget.

<u>The net proposed state operations reduction is $491,000 and 10 positions</u>. Of the ten positions, four shall be redirected from existing vacancies.

Background. The CSL has 140.8 authorized positions, split between State Library Services, Library Development Services, Information Technology Services, and Administration. The CSL reports that its current vacancy rate is 20 positions, a rate of approximately 12-14 percent. The CSL indicates this rate is slightly inflated due to the fact that a total of nine staff retired in the past six to nine months. The CSL is currently in the process of filling approximately eight of these positions. The remaining vacant positions total at least ten positions.

The January budget reduction of $1.1 million and 13 positions to the CSL's state operations budget was intended to correspond to the elimination of the five library local assistance programs. In response, the CSL undertook further analysis and provided to staff and the Administration information that the number of positions and time allotted to each of the eliminated local assistance programs are instead equivalent to six positions and $491,000.

In light of this information, the Administration advanced the April 1 Finance Letter partially restoring the state operations reduction. The remaining difference between the CSL staffing and cost analysis and the April 1 Finance Letter is four positions. The Administration requests that these four positions be redirected from existing vacancies.

Staff Comment. Given the CSL's vacancy rate, it is reasonable for four of the ten eliminated positions to be redirected from existing vacancies.

Staff Recommendation. Approve the January budget proposal as modified by the April 1 Finance Letter, for a net state operations reduction of $491,000 and 10 positions. Of the ten positions, four would be redirected from existing vacancies.

VOTE:

Item 2: CSL Federal Funds – Match and Maintenance of Effort Requirements

Background. Over the past five years, the state has received each year an average of over $16 million in federal Library Service and Technology Act (LSTA) funding. In 2011, due to cuts at the federal level, the state received $15.5 million in LSTA funding. The funds are available for expenditure for two years and support services consistent with LSTA priorities. To be eligible for these funds, the state is required to meet federal match and maintenance of effort (MOE) requirements.

- ✓ The <u>match</u> requirement determines what percentage of LSTA funding a state can spend. The LSTA is funded 66 percent by the federal government, with a required state match of 34 percent; i.e., in federal fiscal year 2011, California received $15.497 million in LSTA funding, which the state matched with $7.983 million in state funds.

- ✓ The MOE requirement determines the state's allotment of LSTA funding for the next federal fiscal year. It is based on population and determined by a three-year rolling average of state funds spent on libraries consistent with the LSTA. If the state's average expenditure level falls, the allotment of dollars falls by a similar percentage.

State-funded local assistance library programs comprise the majority of the state's match and MOE calculations. These programs are: (1) California Library Literacy Services provides community-centered assistance to low-literacy adults and their families; (2) California Library Services Act promotes resource sharing through cooperative library systems and reimburses public libraries for loans to individuals living outside their jurisdiction; and (3) California Newspaper Project identifies, describes, and preserves California newspapers. Two other programs are also included in the calculations: (1) Telephonic Reading Program allows persons with visual impairments to use their telephones to listen to more local news, TV Guide listings, archived radio shows, etc.; and (2) Library Development provides leadership and support of the future of California through its libraries.

As part of the triggers included in the 2011 Budget Act, funding for the three local assistance programs, as well as the Public Library Foundation (PLF) and the California Civil Liberties Public Education Program (CCLPEP), were eliminated. These reductions (excluding for PLF and CCLPEP) total over $12 million and jeopardize the state's ability to meet federal match and MOE requirements. Failure to meet the match jeopardizes the amount of LSTA funds the state can spend in 2012-13. Failure to meet the MOE jeopardizes the state's 2012-14 allotment of LSTA funds.

The CSL reports that 112 public libraries reported a decrease in funding in 2010-11, representing 63 percent of the public libraries in California. There are 182 local library jurisdictions that receive some state funds, of which 17 get more than 10 percent of their total funding from the state (and another 31 get more than five percent of their total funding from the state). Those local libraries that receive a greater share of their funding from the state rely on state support heavily and may be forced to close or take drastic measures (such as charging patrons for book loans) if they lose state funding.

Staff Comment. The 2011 Budget Act triggers have impacted the CSL budget and the state's ability to meet the LSTA match and MOE requirements. While there is some overlap in the match and MOE calculations, the most immediate problem is with the match. Should the state fail to identify roughly $5 million more in qualifying 2012-13 state expenditures, the state will only be able to spend $5.37 million of the total $15.03 million in federal LSTA funding available to the state. The CSL is currently evaluating its budget to identify additional expenditures that can be used for match purposes. The CSL is also considering instituting a local match, which has never been in place before, in order to assist the state in meeting the federal match.

The match problem would be solved if the state meets the MOE requirements. The CSL indicates that approximately $17.1 million in funding is needed in 2012-13 in order to fully meet the federal MOE requirement and maintain the historical level of LSTA funding. Were this funding to be provided, the match problem would also be resolved. However, absent this action, the CSL's December 2012 report will show a 19 percent drop in meeting the MOE, which means that the CSL's allotment for 2012-2014 will be reduced by 19 percent, resulting in additional programmatic reductions in state fiscal year 2013-14. If these local assistance library programs continue to go unfunded in the 2012-13 budget (as currently proposed in the January budget), the CSL anticipates that its December 2013 report will show a 85 percent drop in meeting the MOE; this will translate to an 85 percent reduction in the 2013-15 allotment, resulting in the need for significantly more programmatic reductions in state fiscal year 2014-15.

The federally-funded programs that are at risk include the Braille and Talking Book program and the Southern Braille Institute, which utilize about $2.8 million of the federal funds each year to operate. More than 87,000 people statewide would lose service and access to a variety of information and resources. The CSL would also not be able to fund other important programs as about 30 percent of its staff participate in federal projects and are funded through federal dollars. Examples of other programs potentially impacted include: California Government Information Access/California Portal; Library Materials and Database Acquisition; and Historic California Photograph Digitization.

Staff notes that a waiver of the federal MOE requirements is possible (it is not available for the match requirements). The guidelines state that a waiver would be equitable due to "*exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the state*." The waiver application also requires documentation of whether or not the reductions to the state library are proportionate to all other state agencies. In 2011, 12 state libraries could not meet their MOE and 10 of those states applied for waivers. The CSL indicates that if MOE cannot be met, it plans to submit a waiver; latest figures indicate that a total of 18 state libraries will also be requesting a waiver.

Subcommittee Questions. Based on the above comments, the Subcommittee may wish to ask the following questions:

1. What updated information can the CSL provide regarding its efforts to identify additional qualifying expenditures to meet the match requirements?
2. What is the likelihood of the state receiving a waiver of the MOE requirements?
3. Will the Administration be proposing either modified or additional 2012-13 budget requests to address either or both the match and MOE requirements?

Staff Recommendation. Staff recommends that this item be held open, pending receipt of the May Revision.

Item 3: CCC Neighboring State Student Enrollment Fee

Governor's Budget Request. An April 1 Finance Letter proposes budget trailer bill language that would increase student fees for qualifying neighboring state students that attend a CCC based on reciprocal state attendance agreements to an amount that is three times the California resident student fee.

Background. Current law requires eligible neighboring state students to pay $42 per unit to attend a CCC. However, the California resident student fee level is scheduled to increase from $36 per unit to $46 per unit effective the summer term of 2012. As a result, and absent a change in statute, eligible neighboring state students would be paying lower student fees than California residents beginning this summer.

By establishing neighboring state student fees at a multiple of the current California resident student fee, the Administration's proposal would allow neighboring student fees to adjust in concert with any future adjustments to resident student fees. The proposed trailer bill language would set the multiplier at three times the California resident student fee, which translates to a rate of $138 per unit effective summer 2012. The Administration indicates this fee level would be approximately midway between Oregon, Nevada, and Arizona resident student fees, that range in the mid-$70 per unit, and California nonresident student fees, that range around $200 per unit.

The January budget estimates that the current neighboring state student fee of $42 per unit would generate approximately $500,000 in student fee revenues in 2012-13; however, a determination will be made at the May Revision to the extent that the proposed fee increase would generate additional student fee revenue.

Staff Comment. The Chancellor's Office has indicated that Nevada is no longer participating in this program. Therefore, California's current reciprocal state attendance agreements are only with Oregon and Arizona. Without Nevada's participation, it is not clear that a fee level of $138 per unit is still midway between Oregon and Arizona resident student fees and the current California nonresident student fee.

The Chancellor's Office has also raised a concern about increasing the fees to a multiplier of three, given the potential negative impact it would have on those community college districts that accept Oregon and Arizona state students participating in this program. Staff also notes, regardless of the multiplier chosen, the Subcommittee may wish to consider a phased-in approach over a two- or three-year period.

Staff Recommendation. Hold this item open pending receipt of additional information and the May Revision.

Item 4: UC Public Works Board Trailer Bill Language

Governor's Budget Proposal. The January budget proposes budget trailer bill language to authorize the Public Works Board (PWB) to provide repayment from state bond proceeds to UC for the interim financing costs of capital outlay projects that have been approved by the Legislature.

Background. The PWB was created by the Legislature to, among other functions, oversee the fiscal matters associated with construction of projects for state agencies. The PWB is also the issuer of lease-revenue bonds (LRBs). The Legislature appropriates funds for capital outlay projects; through review and approval processes, the PWB ensures that capital outlay projects adhere to the Legislature's appropriation intents.

Interim financing is the funds used until a bond-funded project is sufficiently far enough along to sell bonds for it. Since the Pooled Money Investment Board stopped authorizing interim financing loans for LRB-financed projects in 2008, the PWB has changed its processes for issuing LRB bonds from selling the bonds near the end of project construction to near the end of design. This results in the need to capitalize the costs of the project until the completion of construction.

In recent years, due to concerns about the state indebtedness level as well as market conditions, there have been fiscal years where either no LRBs were sold or a sale was delayed and/or reduced in size. This has impacted state capital outlay generally, as well as the UC specifically. At this time there are four remaining UC capital outlay projects that have been approved by the Legislature and are awaiting a state lease-revenue bond (LRB) sale for both design and construction: (1) Helios Energy East Research Facility, UC Berkeley; (2) Environmental Health and Safety Expansion, UC Riverside; (3) Davidson Library Addition and Renewal, UC Santa Barbara; and (4) Scripps Institution of Oceanography Research Support Facilities, UC San Diego. In total, these projects represent $118.217 million in LRB funding. The Administration indicates that it plans to include these four projects in the state LRB sale scheduled for fall 2012 but that other variables, such as market appetite and project readiness for sale, could result in all or none of the projects being sold.

The Administration's proposed trailer bill would amend statute to allow UC's interim financing costs to be reimbursable by the PWB. Under current law, reimbursement is limited to only the principal amount financed. With this proposed change, UC would be able to provide interim financing from its commercial paper program for the list of projects that have been approved by the Legislature, but for which bonds have not been sold due to delays in state bond sales, thereby allowing these projects to move forward.

The Administration indicates that the statutory change would provide savings to the state because UC's interim financing costs would be slightly lower due to a number of factors: (1) UC has a slightly better credit rating than the state; (2) UC would only sell what is needed on a cash-flow basis versus needing the full project costs two years in advance; therefore, interest costs would be less because the amount financed is less and would grow gradually as the building is completed; and (3) short term investment rates are better than long-term investment rates; UC would likely borrow at one to two percent, versus PWB at four percent.

On March 15, 2012, the Subcommittee heard and held open pending receipt of the May Revision a related LRB debt service proposal. The January budget proposes one final LRB related budget adjustment of $9.7 million to UC's budget and that: (1) the total funds for LRB debt service costs are now a permanent part of UC's budget; (2) the funding is not restricted for debt service (yet UC would still have to make the required payments); and (3) no future adjustments will be provided for this purpose. Should the proposal be adopted, UC indicates that it would likely refinance its existing LRB debt and lower short-term costs by lengthening the period of time (to 30 years) over which the debt would be repaid; i.e., restructuring 15-year debt to 30-year debt by refinancing bonds that have an average of 15 years of payments remaining. The "freed up" funding would then be used for other UC capital outlay and support budget needs.

Staff Comment. While staff agrees that the proposed statutory changes would slightly lower the state's costs, it is inconsistent to consider adoption of this item separate from the related January budget LRB debt service proposal. If the Subcommittee adopts the broader January budget LRB debt service proposal, the trailer bill language would appear unnecessary. However, if the Subcommittee rejects the January budget LRB debt service proposal, further consideration of the trailer bill language is warranted. Staff also finds that it is premature to act on this trailer bill now, as the Administration recently indicated that UC might request modifications to the trailer bill language to not limit the new authority to only its commercial paper program.

Staff Recommendation. Hold this item open pending the Subcommittee's final action on the January budget LRB debt service proposal and finalization of the proposed budget trailer bill language.

Item 5: CSU Capital Outlay, Various Campuses, Seismic Upgrades

Governor's Budget Request. An April 1 Finance Letter requests the addition of a new budget bill item in the amount of $10.995 million (GO bonds) and $11.155 million (reimbursements – federal funds) to fund the preliminary plans, working drawings, and construction phases of five seismic upgrade projects on four CSU campuses, as illustrated in Figure 3 below.

This request also includes budget bill provisional language to recognize the receipt of the federal funds and, if all or part of the funding does not materialize, authorize utilization of any remaining state funds to fund as many of the projects as possible. The provisional language also includes notification to the JLBC with a 30-day written notice of the intent to fully fund a project.

Figure 3 – Various CSU Campuses, Seismic Upgrades Using FEMA Grants (*dollars in thousands*)

Campus	Project	Description	Total (GO Bonds)
Los Angeles	Administration	The project will upgrade the structural system of the Administration building, originally built in 1962, including seismic strengthening of the building's support beams on the second floor.	$5,799 ($2,799)
Humboldt	Van Duzer Theatre	The project will upgrade the structural systems of the Theatre Arts Building, constructed in 1960, to correct structural deficiencies including new bracing for the main roof trusses, metal decks, and roof diaphragm.	$7,920 ($4,920)
Humboldt	Library	The project will upgrade the structural systems of the Library building, last renovated in 1976, to correct structural deficiencies and provide the necessary reinforcement to insure the stability of the building's support columns, as well as replace the existing roof with new metal roofing.	$5,558 ($2,558)
Bakersfield	Dore Theatre	The project will upgrade the structural systems of the Dore Theater, constructed in 1981, to correct structural deficiencies including bracing roof diaphragms and connections to support columns, and strengthening support connections to walls and canopies. Additionally, seismic bracing will be upgraded for all non-structural elements such as piping, fire sprinklers, partitions, and ceilings.	$1,867 ($467)
San Luis Obispo	Crandall Gymnasium	The project will provide seismic improvements for Crandall Gymnasium to allow the facility to be occupied by performing the seismic upgrade to address current deficiencies. This building is not currently occupied, pending completion of the seismic work.	$1,006 ($251)
		Total Funds	**$22,150**

Background. As part of the CSU Board of Trustee's seismic policy, the Chancellor's Office maintains lists of buildings identified by the Seismic Review Board with hazards that are significant enough to warrant special attention. The five CSU capital outlay seismic projects identified in this request are all rated by the Division of the State Architect as a seismic Level Six (out of seven), meaning that in a seismic event, the building would suffer extensive structural damage with partial collapse likely and substantial risk to life.

The CSU is in the process of applying, through the California Emergency Management Agency (CalEMA), for five hazard mitigation grants administered by the Federal Emergency Management Agency (FEMA) that could help offset state costs for these five projects. The grants require a minimum state share of 25 percent of the total project cost and would provide federal matching funds of 75 percent of the total project cost, not to exceed $3.0 million dollars per project. However, the 25 percent state share must be in place at the time of application submittal. CalEMA advises that final applications are due to FEMA by July 18, 2012, and the application review could take between six months and a year before funds are obligated. If these projects are completed the buildings would be rated as seismic Level Three.

Staff Comment. It is clear that these projects are needed. However, the construct of the budget bill provisional language raises several questions. If all or part of the requested federal funds is not received, the language authorizes the Administration to use the remaining GO bond funds to fully fund one or more of the projects (with notification to the JLBC). This would allow upgrades to as many of the projects as possible. However, it is not clear from the provisional language how these five projects fall within the systemwide capital outlay priorities of CSU. The Subcommittee may therefore wish to consider modifying the provisional language to ensure that if this authority is exercised it is done so consistent with the CSU's State Funded Capital Outlay Program 2012-13 Priority List.

Staff Recommendation. Approve the request with modified budget provisional language ensuring consistency with the CSU's State Funded Capital Outlay Program 2012-13 Priority List.

VOTE: