

SUBCOMMITTEE NO. 5

Agenda

Senator Nancy Skinner, Chair
Senator Joel Anderson
Senator Jim Beall



Thursday, May 11, 2017
9:30 a.m. or upon adjournment of Session
State Capitol - Room 113

Consultant: Julie Salley-Gray

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PROPOSED FOR VOTE ONLY

0250 JUDICIAL BRANCH

1. **Funding Increase for Appellate Projects.** The Judicial Council requests an ongoing augmentation of \$1.04 million General Fund to support increased costs for contractual services in the Supreme Court's Court-Appointed Counsel Project (\$255,000) and the Courts of Appeal Court Appointed Counsel Project offices (\$786,000), beginning in 2017-18.

This item was discussed during the March 2nd subcommittee hearing.

Staff Recommendation. Approve as budgeted.

2. **Sustain Justice Case Management System.** The Judicial Council requests \$4.1 million General Fund in 2017-18, and \$896,000 General Fund in 2018-19, to update the Sustain Justice Edition Case Management System in the Superior Courts of California - Humboldt, Lake, Madera, Modoc, Plumas, Sierra, San Benito, Trinity and Tuolumne Courts. This request supports the transition to modern commercial off-the-shelf case management systems.

This item was discussed during the March 2nd subcommittee hearing.

Staff Recommendation. Approve as budgeted.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

3. **Warden Recruitment and Retention Proposal.** Budget item 9800 contains \$7 million General Fund for a CDCR warden recruitment and retention proposal. There is no formal budget change proposal or other detailed documents associated with this proposal.

Staff Recommendation. Reduce the proposed funding by \$5 million and limit the salary increases to the captain through warden ranks in the prisons (excluding headquarters staff). It is the intent of the Legislature that this funding will be used to improve the retention of captains, associate wardens, deputy wardens, and wardens. CDCR will be required to report during budget hearings each year on the impact of the funding increase on retention of staff in these classifications.

5225 PRISON INDUSTRY AUTHORITY (PIA)

4. **Prison Industry Authority's Self-Supporting Requirement.** The Administration has proposed trailer bill language clarifying that PIA is not required to have immediate cash available for funding retiree health care and pension liabilities above the amounts established in the Budget Act. In addition, the language prohibits PIA from establishing cash reserves to fund retiree health care and pension liabilities above the amount specified in the annual Budget Act.

Staff Recommendation. Approve the proposed language as draft, placeholder language.

4440 DEPARTMENT OF STATE HOSPITALS

5. **State Hospital Financial Activity Report.** The Administration proposes removing provisional language regarding the requirement for the Department of State Hospitals (DSH) to submit the annual report on state hospital financial activity.

This item was discussed during the March 16th subcommittee hearing.

Staff Recommendation. Reject the removal of the provisional language and direct the LAO and Department of Finance to update the language to include the information recommended by the LAO.

6. **Enhanced Treatment Program (ETP) Staffing.** The Administration is requesting \$2.3 million in one-time funding, and \$5.6 million ongoing, to support the activation of the first two ETP units at DSH-Atascadero, as well as 44.7 positions in FY 2017-18, and 115.1 positions in FY 2018-19.

This item was discussed during the March 16th subcommittee hearing.

Staff Recommendation. Due to the absence of written policies and procedures, reject funding for the ETP unit activation until such time as those policies are provided to the Legislature for review.

7. **Conditional Release Program (CONREP).** For the continuation of the Statewide Transitional Residential Program (STRP) for CONREP patients, DSH is requesting \$976,000 in General Fund authority.

Based on anticipated court-ordered release dates, DSH estimates the cost of releasing two additional SVP patients (with housing available) and two additional transient SVP patients in FY 2017-18 to be \$2.4 million. This funding will increase the current caseload for conditionally released SVPs from 19 in FY 2016-17 to 23 in FY 2017-18.

This item was discussed during the March 16th subcommittee hearing.

Staff Recommendation. Approve the proposed budget on a one-time basis. In addition, adopt the LAO's recommendation requiring DSH to submit and updated report on January 1, 2018, with the expectation that the county mental health departments and private contractors seek Medi-Cal reimbursement for all reimbursable medical and mental health treatment by July 1, 2018, absent clear direction from the federal government that the medical and mental health costs for CONREP patients are not eligible.

ITEMS TO BE HEARD

4440 DEPARTMENT OF STATE HOSPITALS

Issue 1: Capital Outlay Proposals

Governor's budget. The Governor's budget contains the following capital outlay proposals:

1. FIRE ALARM SYSTEM UPGRADE – METROPOLITAN STATE HOSPITAL

The Administration requests \$3,916,000 General Fund to upgrade the existing fire alarm systems for the Chronic Treatment East (CTE) building at DSH-Metropolitan. The upgraded fire alarm system will be fully automatic and will specify the location of an incident and/or alarm activation and connected to the new central monitoring system.

Background. All buildings that house patients have security measures limiting freedom of movement, including the ability to freely exit buildings. As such, the State Fire Marshal (SFM) has established minimum building and maintenance standards for fire alarm systems for these facilities. Failure to maintain these mandatory systems can and will result in enforcement actions from the SFM.

The current fire alarm system is 25 years old. It is challenging to obtain necessary parts for regular maintenance and fixes because there is a lack of consistent and trained personnel to maintain the system. There are numerous devices that fail on a frequent basis causing the panel to show a red flag, requiring a response. DSH-Metropolitan is reporting failures five to six times a week due to hot weather conditions. These incidents have caused shut downs of the air handling units patient occupied units.

The local fire department does not respond to DSH-Metropolitan alarm activations. Hospital police officers are the first responders in the event of fire alarm activation, if the fire alarm is determined to be creditable, the local fire department is contacted. Currently, during an active fire alarm, the entire building must exit because fire alarms do not specify location of fire. With the proposed system, it will be possible to exit into adjoining fire smoke compartments. This allows the hospital flexibility in evacuating patients from the building which is useful from an operational treatment and security perspective.

2. FIRE ALARM SYSTEM UPGRADE – PATTON STATE HOSPITAL

The Administration requests \$6,140,000 General Fund to remove and replace deficient fire alarm control panels and associated components in four patient occupied buildings at Patton State Hospital which have reached the end of their usable life and are no longer serviceable.

Background. The fire alarm systems in the four secured patient housing buildings and treatment areas are severely compromised and not in compliance with regulatory requirements and customary industry standards.

This project will enable Patton to bring the existing fire alarm systems into compliance with regulatory requirements. The existing fire alarm systems are a safety hazard. The four buildings included in this project house the majority of the hospital's patients. These buildings also contain kitchens, dining rooms, medical and dental clinics, therapeutic areas, offices, and nursing stations for staff.

3. COURTYARD GATES AND SECURITY FENCING – NAPA STATE HOSPITAL

The Administration requests a reversion of \$2,029,000 in existing General Fund for the construction phase and a new appropriation of \$3,875,000 for a net impact of \$1,846,000 General Fund for working drawings and construction (based on bidding in August 2016) to improve security in the courtyards at the patient housing buildings which include replacement of gates and fabricating and installing extensions to raise the height of security fencing.

Background. The project consists of the design, fabrication and installation of extensions to raise the height of the 44 existing courtyard security fences and selective demolition and replacement of existing courtyard gates at DSH-N patient housing buildings. The purpose of this project is to eliminate existing security vulnerabilities in the courtyard fencing and gates that have allowed forensic and civilly-committed patients to climb over the fence and escape from their home unit courtyards.

4. NEW ACTIVITY YARD – COALINGA STATE HOSPITAL

The Administration requests \$5,738,000 General Fund to design and construct a secure treatment courtyard at Coalinga State Hospital (CSH).

Background. As presently configured, the current main courtyard is far too small for its intended usage, with a practical-use capacity of approximately 60 patients. With a current census of approximately 1,150 patients, the current main courtyard cannot serve as an evacuation point in the event of a fire. This creates a significant concern since the patients of CSH are entirely forensic and must be able to be evacuated to a secured location at least 50 feet away from the facility.

Additionally, the main courtyard and the smaller courtyards attached to the residential units are proving inadequate for exercise and treatment purposes. Because use of each residential courtyard requires staff to monitor patient usage, utilizing them is staff intensive and difficult for the hospital. Additionally, the current courtyards are too small for aerobic activities. With diabetes and chronic excess weight problems for patients, the need for exercise opportunities and programs are critical to maintain physical and psychological health.

5. CONSOLIDATION OF POLICE OPERATIONS – METROPOLITAN STATE HOSPITAL

DSH requests \$1,327,000 General Fund to construct a new building to consolidate the DSH-Metropolitan Department of Police Services, Office of Special Investigation, and the Emergency Dispatch Center.

Background. The three affected offices are located in buildings that have significant health and safety issues. These issues include asbestos in floor tiles and a seismic risk assessment of Level V, which means it is unacceptable for hospitals and essential facilities. Additionally, the configuration of these existing buildings were not originally designed as police facilities, which impacts quality, efficiency, and security of police operations.

DSH buildings housing the aforementioned police functions must qualify as essential services buildings. As the buildings currently housing the police operations functions do not qualify as essential services buildings, the hospital must relocate these operations to buildings that meet regulatory requirements so that the hospital can ensure responsiveness after a disaster.

6. ENHANCED TREATMENT UNITS REAPPROPRIATION – STATEWIDE

DSH requests a reappropriation of \$11,467,000 General Fund to renovate the existing state hospitals at Atascadero and Patton to provide enhanced treatment units (ETU). DSH-Atascadero will have 39 rooms and DSH-Patton will have 10 rooms for a total of 49 ETU rooms.

Background. DSH is proposing, in accordance with AB 1340 (Achadjian), Chapter 718, Statutes of 2014, to construct enhanced treatment units that will provide a more secure environment for patients that become psychiatrically unstable, resulting in highly aggressive and dangerous behaviors. Patients in this state of psychiatric crisis require individualized and intensive treatment of their underlying mental illness, while reducing highly volatile and violent behavior. The proposed ETUs are intended to create secure locations within the existing hospitals to provide a safe treatment environment for both staff and patients. Patients will be housed individually and provided with the heightened level of structure necessary to allow progress in their respective treatment.

During the preliminary plans phase, it was necessary to modify the design in order to meet clinical treatment requirements. The scope includes the conversion of existing patient dorm rooms to individual rooms, individual and group treatment space, the installation of lockable doors, toilets and sinks in patient rooms, and the conversion of existing day/dining rooms into laundry day/dining rooms and other related program space.

Due to this modified design and subsequent scope change, the completion of preliminary plans was delayed and resulted in modifications to the construction estimates. Preliminary plans were approved on December 15, 2016; the project has recently begun the working drawings phase. The result of this delay is that construction is not expected to be started until after June 30, 2017, necessitating the re-appropriation for construction funds.

Legislative Analyst’s Office (LAO). The LAO did not raise any concerns related to these capital outlay proposals.

Staff Recommendation. Approve as budgeted.

Issue 2: Napa State Hospital Earthquake Repairs

Governor's Budget. DSH requests a \$6.2 million General Fund loan that would be repaid with federal reimbursements as phases of the project are constructed. Accordingly, the Governor's budget also includes \$6.2 million in federal reimbursement authority. The Administration anticipates this funding will be sufficient to complete the first two phases of the project.

Background. DSH-Napa suffered damage as part of the 2014 South Napa Earthquake. After the earthquake, DSH requested federal funding to make repairs to buildings damaged in the earthquake. In 2015, DSH secured a grant from the Federal Emergency Management Agency (FEMA) to cover up to 75 percent of project costs once portions of the project are completed. In adopting the 2015-16 Budget Act, the Legislature approved one-time funding of \$5.7 million from the General Fund to cover the state's 25 percent share of the estimated \$22.9 million project, as well as \$17.2 million in reimbursement authority to allow the department to use the federal funding it expects to receive for the project. After DSH submitted a description of the project to the federal government in 2015, FEMA decided that the project could not be approved without more detailed drawings and specifications on how project repairs of historical buildings would be completed. In order to complete this additional design work, DSH spent \$1 million of the \$5.7 million provided in 2015-16, with the remaining \$4.7 million going unspent in 2015-16. This design work is scheduled to be completed by July 2017.

DSH has divided the project into three phases. The first phase will repair three buildings identified as historically significant. The department estimates the cost of the first phase will be \$6 million and be completed by July 2019. The second phase of the project will be to repair 21 buildings located outside the secure treatment area (STA), which is the area where patients accused of crimes are housed. The department estimates the cost of the second phase will be \$2.3 million and also be completed by July 2019. The third phase of the project will be to repair 15 buildings located within the STA. At this time, the department has not provided the cost estimate or project schedule for the third phase.

Legislative Analyst's Office (LAO)

Necessary Information About Third Phase of Project Not Included. While DSH provides cost estimates and project schedules for the first two phases of the project, this same information has not been submitted for the third phase of the project. It is important for the Legislature to know how much the entire project is expected to cost and when it is scheduled to be completed before allocating funds for the construction of the first two phases.

Assumes Funding Provided in 2015-16 Remains Available for Project. As previously indicated, the Legislature appropriated \$5.7 million on a one-time basis for the DSH-Napa project. However, the Governor's budget assumes that \$2.1 million from this one-time appropriation remains available to fund the state's share of the cost for the first two phases of the project. Based on the LAO's conversations with the Administration, it appears that when the 2015-16 budget was adopted, DOF erroneously entered the funding as an ongoing appropriation in its fiscal data system.

Withhold Action Until New Funding Plan and Complete Cost Estimates and Project Schedule Are Available. Given that DSH has not submitted complete information on the third phase of the project, the LAO recommends that the Legislature withhold action until the department submits a complete cost estimate and project schedule for all three phases of the project.

Direct DOF to Report How It Plans to Fix Error. The LAO also recommend that the Legislature direct DOF to report at spring budget hearings on how it plans to correct the error that it acknowledges was made in reflecting the \$5.7 million that was appropriated in 2015-16 as an ongoing adjustment to DSH's base budget (rather than as a one-time appropriation as approved by the Legislature).

Staff Recommendation. Approve the General Fund loan and the increased federal funding authority necessary to repay the loan.

0250 JUDICIAL BRANCH**Issue 3: Capital Outlay Spring Finance Letter**

Spring Finance Letter. The Administration has submitted a spring finance letter requesting the following capital outlay augmentations for the Judicial Branch:

1. NEW EAST COUNTY HALL OF JUSTICE DATA CENTER – ALAMEDA COUNTY

The Administration requests an appropriation of \$1,576,000 from the Immediate and Critical Needs Account (ICNA, Fund 3138) for the preliminary plans (\$1,000), working drawings (\$52,000) and construction (\$1,523,000) phases of the Alameda County - New East County Hall of Justice Courthouse Data Center.

Background. This project was initiated in fiscal year 2014-15 with an acquisition appropriation that allowed the court to enter into a project delivery agreement with Alameda County, who is constructing the courthouse. The courthouse is almost complete, with an anticipated move-in date of June 2017. The agreement did not include construction of the data center. However, the county has agreed to transfer existing courthouse construction funds to the Judicial Council to pay for the data center project. The data center is necessary to operate information technology portions of the new courthouse.

In addition, the court currently pays \$540,000 per year to lease data center space from an outside party. Therefore, the completion of the data center will significantly offset court costs in the long run. The new courthouse, located in Dublin, is approximately 147,000 square feet and will provide 13 criminal courtrooms. The new five-story facility replaces the six-courtroom Gale-Schenone Hall of Justice and the seven-courtroom Allen E. Broussard Courthouse.

2. NEW YREKA COURTHOUSE – SISKIYOU COUNTY

The Administration requests an appropriation of \$664,000 from the Immediate and Critical Needs Account (Fund 3138) to fund the demolition of the existing structures on the acquired site for the new Siskiyou—New Yreka Courthouse.

Background. The new court house will be a five-courtroom, approximately 68,000 building gross square feet courthouse in the city of Yreka. The requested pre-construction demolition cost will be deducted from the total construction phase estimate. When fully constructed, this project will relieve the current space shortfall, increase security, and replace inadequate and obsolete buildings in Siskiyou County. The total project cost is estimated at \$66 million.

Staff Comment. Similar to the action taken by the subcommittee on March 10th related to funding for the San Mateo courthouse, the subcommittee may wish to adopt trailer bill language that requires the Judicial Council and the Siskiyou County Sheriff to certify prior to proceeding with the construction of the new courthouse that the new courthouse will not increase trial court security costs.

Legislative Analyst's Office (LAO). The LAO has not raised any concerns related to this Spring Finance Letter.

Staff Recommendation. Approve funding for both projects and adopt placeholder trailer bill language requiring the Judicial Council and the Siskiyou County Sheriff to certify, prior to proceeding with the construction, that the new courthouse design will not increase court security costs.

Issue 3: Information Technology Spring Finance Letter

Spring Finance Letter. The Administration has submitted a spring finance letter requesting the following information technology augmentations for the Judicial Branch:

1. STATEWIDE ELECTRONIC FILING IMPLEMENTATION

The Judicial Council requests a General Fund loan of \$671,000 in 2017-18, and \$491,000 in 2018-19, to the Trial Court Trust Fund to support three positions to develop and maintain a standards-based statewide e-filing environment that will promote, enable, and assist full court participation in e-filing. The loan will be repaid no later than June 30, 2021.

The positions requested in this proposal would support the following key areas:

1. Integration with an identity and access management system.
2. Integration with the preferred financial gateway where the Judicial Council has secured favorable rates.
3. Establishment and initial operations of standards management, certification, and support services for statewide e-filing managers and e-filing service providers.
4. Support for superior court e-filing implementations leveraging the established e-filing environment.

This proposal also includes provisional language to specify that funding is to be used for the Statewide Electronic Filing Program. According to Judicial Council, upon implementation of a statewide e-filing solution, courts and court users will experience lower/more transparent e-filing costs and streamlined e-filing services. The Judicial Council positions will promote, enable, and assist full court participation in e-filing.

2. DOCUMENT MANAGEMENT SYSTEM FOR THE APPELLATE COURTS

The Judicial Council requests an augmentation of \$5.3 million Appellate Court Trust Fund (\$1.4 million in 2017- 18, \$873,000 in 2018-19, \$973,000 in 2019-20 and 2020-21, \$833,000 in 2021-22, and \$240,000 in 2022-23 and ongoing) for the purchase, deployment, and ongoing maintenance of a document management system (DMS) for the appellate courts.

By transitioning to a DMS, appellate courts will capture, manage, store, share, and preserve essential case documents and administrative records.

The Judicial Council argues that electronic filing can provide cost savings and efficiencies for the courts by providing:

- Speedier processes by eliminating the time required for mailing or personal delivery of pleadings and other documents.
- Greater efficiency from the instantaneous, simultaneous access to filed court documents for participants in the case, for judges and court staff, and members of the public (to publicly available court documents) from any internet capable location.
- Fewer delays caused by lost or misplaced paper documents and files.
- Fewer personnel involved in receiving, processing, filing, and storage of paper files.

- Reduction or elimination of costs for archival record storage.

Legislative Analyst's Office (LAO) Comments on Appellate Court Document Management System (DMS) Request. The LAO is concerned that the judicial branch has not yet finalized a deployment plan for implementing the DMS across the Supreme Court and Courts of Appeal. This is problematic because deployment choices could impact the total amount of funding needed for the project as well as the specific amount of funding needed in each fiscal year. For example, deployment could be compressed into a shorter timeframe requiring more funding in the near term and less funding in future years.

The LAO recommends the Legislature withhold action on this proposal until after it receives a finalized deployment plan and cost estimate from the judicial branch. Having a final cost estimate allows the Legislature to more accurately assess the merits of this proposal. The judicial branch currently estimates that the deployment plan will be finalized in May.

Staff Recommendation. Approve the Spring Finance Letter funding request.