

# AGENDA ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION

**ASSEMBLYMEMBER GEORGE NAKANO, CHAIR**

**WEDNESDAY, APRIL 28, 1999  
STATE CAPITOL, ROOM 437  
1:30 P.M.**

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## CONSENT CALENDAR

### 1760 DEPARTMENT OF GENERAL SERVICES

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Pursuant to the March 30, 1999, Finance Letter Notification, titled: ADDITION OF BUDGET BILL ITEM 1760-101-0768, LOCAL ASSISTANCE, AND ITEMS 1760-491 AND 1760-494, REAPPROPRIATIONS, DEPARTMENT OF GENERAL SERVICES, the Administration requests authorization for the following:

**“It is requested that Item 1760-101-0768 be added to the Budget Bill in the amount of \$4,796,147 to fund nine new local seismic safety projects. These funds are available within the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990 for local assistance grants.**

**It is also requested that Item 1760-491 be added to the Budget Bill to reappropriate funding for 44 previously authorized local seismic safety projects. These projects were not completed because of the length of time required at the local level to initiate and complete the various stages of these projects or because of changes to cost estimates for the projects.**

**It is further requested that Item 1760-494 be added to the Budget Bill to reappropriate up to \$275,000 in funding for the purpose of completing a marketing pilot project for the use of existing non-emergency telephone numbers in the City of San Diego. Although there have been some delays in fully implementing this project, it is anticipated that the pilot will be completed prior to December 30, 1999, when the statutory authorization for the program expires.”**

*Note: The above describes all the requested actions of this particular March 30, 1999, Finance Letter which addresses local assistance issues exclusively. The March 30, 1999, Finance Letter noted relative to the Department of General Services issues in the Items To Be Heard section of this agenda is a different Finance Letter altogether.*

## **0552 OFFICE OF THE INSPECTOR GENERAL**

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As described in the Governor's budget, The Office of the Inspector General has the responsibility of oversight and audits of investigatory practices of the boards and departments within the Youth and Adult Correctional Agency. Chapter 766, Statutes of 1994 created the Office of the Inspector General within the Youth and Adult Correctional Agency. However, Chapter 969, Statutes of 1998 has changed and expanded the role of the Inspector General and re-established the office as an independent entity reporting directly to the Governor. In addition, Chapter 338, Statutes of 1998 requires the Office of Inspector General to review Level 1 and Level 2 Internal Affairs investigations of the boards and departments within the Youth and Adult Correctional Agency.

### **ISSUE 1: CURRENT YEAR DEVELOPMENTS**

The Office of the Inspector General (OIG) requests \$1,059,000 in 1998-99.

#### **BACKGROUND:**

In an effort to carry out the mandates of various statutes enacted in the last session, the OIG endeavored to accomplish several staffing and workload objectives between January 1, 1999, and June 30, 1999. Current year resources were requested of, and granted by the Administration accordingly. However due to a series of developments (some unexpected and others simply insurmountable) the OIG has quite understandably determined that some components of its deployment plan (e.g. full staffing at particular junctures, logistics and so forth) will not be completely resolved pursuant to the planned timeline. The Inspector General will likely prefer to brief the members on the details of some of the unexpected delays and developments encountered this fiscal year. And in deference to the Inspector General, these developments will not be elaborated on herein.

In light of a review of recent expenditure data coupled with the pre-hearing discussions, Budget Committee staff has determined that the funding request for the current year can be reduced. In an effort to make an appropriate reduction that will free up resources that would otherwise go unused and, more importantly, not interfere with the OIG's effort to execute what it can between now and year-end, Budget Committee staff has offered to work with the OIG to revise its year-end projections.

Budget Committee staff notes that despite not attaining all of its intended objectives to date, the OIG has made considerable and impressive progress. Given that the pre-hearing was conducted very recently, it is not known whether the OIG will have revised current year projections by the subcommittee hearing April 28, 1999.

**COMMENTS:**

In the event that the OIG has not completed current year projections by the April 28 hearing, Budget Committee staff recommends the following current year adjustment as a placeholder:

- Reduce the current year request by \$300,000

Again, Committee staff stresses that the OIG has planned and nearly fully executed a thorough, methodical implementation plan in the current year. However, the expenses to date and the short time remaining in the current fiscal year will simply not allow for the use of all the funding currently requested.

Subcommittee staff will continue to work with Finance and the OIG to ensure that all funding needed by the OIG remains in its current year budget. Only after all parties agree on an amount that will not be needed by the OIG, will a definitive reduction be proposed and applied to the Deficiency Bill.

**ISSUE 2: BUDGET YEAR ISSUES**

The OIG requests \$1,858,000 and 15 positions in 1999-00.

**BACKGROUND:**

The OIG bases its resource request on what it reasons it needs to accomplish its statutory responsibilities--relative to the Department of Corrections (CDC) and Youth Authority (YA) primarily--which includes:

- Review of 25 percent of Level 1 investigations (cases involving non-serious employee misconduct within the scope of normal employee supervision).
- Review of all Level 2 investigations (cases involving serious employee misconduct, outside of the scope of normal employee supervision).
- Management Review Audits of CDC Wardens and YA Superintendents pursuant to a yearly schedule.
- OIG conducted investigations at the request of the Legislature, Agency Secretary et al.

The Administration proposes a fair and prudent funding package in the budget year for the first full year implementation of the newly structured OIG as well as the rest of the YACA internal affairs program.

**COMMENTS:**

**Budget Committee staff recommends approving the budget year request as proposed at the level set forth in the Governor's budget.**

Committee staff notes that there was extensive discussion at the pre-hearing relative to the OIG's preliminary findings to date on case review, audit and investigatory workload and standards. There was also considerable discussion on the possible impact of the toll-free phone system and other public information measures on the OIG's workload. It was established and understood that an additional request to increase the OIG's 1999-00 budget may perhaps be forthcoming.

Committee staff assured the OIG representative that a proposed increase, if sufficiently justified, would no doubt be welcomed and encouraged by the Subcommittee. However, it was also noted that additional OIG actual workload data, more time and extensive assessment of the performance of the internal affairs efforts of the CDC and YA as well as an evaluation of their impact on OIG workload would seem to be in order before the OIG appropriation was increased over that currently authorized by the Administration. However, if the Administration reasons an augmentation for the OIG is justified in advance of the first full year under the legislation that restructured it, then the subcommittee will of course be ready to evaluate the proposal and support it if it proves tenable.

And if there is justification to modify this component of the overall internal affairs restructuring perhaps other components (e.g. the internal affairs investigator units of Corrections and Youth Authority) should also be revisited for modifications.

## 1760 DEPARTMENT OF GENERAL SERVICES

### ISSUE 1: PUBLIC SAFETY MICROWAVE NETWORK AND LAO RECOMMENDATION

The LAO has raised important issues relative to the Public Safety Microwave Network.

#### BACKGROUND:

**What is the Public Safety Microwave Network?** As the LAO explains in its ANALYSIS, *“The Public Safety Microwave Network is a key communication system for public safety and other public agencies in California. It serves 36 state agencies, three federal agencies, and three counties. The five major users of the network, which represent over 95 percent of the network’s use,...”* are as follows:

Agency	Circuit Miles	Percentage of Use
Highway Patrol	33,017	44 percent
Transportation	18,881	25 percent
Forestry	12,890	17 percent
Emergency Services	6,980	9 percent
Water Resources	3,476	5 percent

Note: The LAO is careful to point out that, *“Although the DGS [Department of General Services] is by law the owner and manager of the network, it owns and manages only the equipment, which is located on sites owned and managed by various “landlord” agencies. The California Highway Patrol (CHP), as an example, is landlord for 217 tower and vault facilities and the California Department of Forestry and Fire Protection (CDFFP) for 130.”*

**Conversion from Analog to Digital Technology.** As the LAO further explains, a 1994 DGS study *“... concluded that the system should be converted to digital technology because of its substantially greater capability and because of a decreasing availability of analog equipment.”*

**Extraordinary Conversion Costs.** The LAO further points out that costs to undertake site improvement (i.e. replace towers and vaults with proper configuration and load bearing capacity for a digital system) to allow for the conversion have been enormous to date. These expenditures only address Forestry, and not all of Forestry’s total tower and vault need.

The LAO notes that the 1995-96 Budget Act appropriated \$10 million for Forestry to replace 22 towers and vaults capable of supporting a digital system. By 1997 it was determined that only 11 towers and vaults could be built with the aforementioned \$10 million. Consequently, the 1998-99 Budget Act appropriated another 9.1 million to

replace another nine towers. To date then it has taken \$19.1 million to replace 20 towers and vaults. Forestry currently estimates that it will require \$61 million to replace its remaining 110 towers\vaults to accommodate the digital conversion. Moreover, as the LAO notes, ***“These estimates do not take into account the cost for upgrading the CHP’s 217 facilities, as well as those owned by other state agencies.”***

**Responsibility for Conversion Costs.** The LAO has also raised the issue as to how the costs of the conversion should be borne between state agency users (and others) of the network.

<b>COMMENTS:</b>
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In response to the issues raised, the LAO proposes Supplemental Report Language (SRL) that would require a Master Plan that would address the critical questions noted. The SRL proposed is set forth in the ANALYSIS and will be provided at the Subcommittee hearing. The LAO further recommends that no additional funding be approved pending the completion (and presumably Legislative approval) of the Master Plan.

Budget Committee staff has been advised that the DGS will raise certain concerns and qualifications it has with the proposed SRL.

Additionally unless Committee staff is mistaken there is also some disagreement between the LAO and DGS as to the LAO's assessment of conversion cost responsibility and DGS' role in said issue.

These issues and disagreements should be presented to the Subcommittee for a brief discussion and if no agreement can be forged, no action on this item should be taken on April 28. Staff will in this case recommend that both the LAO and DGS be requested to return to this subcommittee with an agreed upon recommended action at a later hearing.

**ISSUE 2: BLUE ANCHOR BUILDING PROJECT AS PROPOSED IN GOVERNOR'S BUDGET AND MARCH 30, 1999, FINANCE LETTER ADJUSTMENT**

In the Governor's Budget the department requests \$1,122,000 in 1999-00 for preliminary plans, working drawings and construction. The March 30, 1999, Finance Letter reduces the funding requested in 1999-00.

**BACKGROUND:**

The proposal notes that fire, life and safety as well as handicap accessibility deficiencies have been cited relative to the Blue Anchor Building. Failure to correct these deficiencies will prevent needed alterations and tenant improvements.

As noted in the Finance Letter notification, "Based upon updated cost estimates decrease funding for preliminary plans by \$9,000 and working drawings by \$38,000. Based upon updated scheduling information, delete funding for the construction phase (\$928,000) as it will not be needed until fiscal year 2000-01."

It is noted that the LAO recommends funding preliminary plans only.

**COMMENTS:**

Budget Committee staff recommends that the subcommittee:

- Adopt the Finance Letter.
- Adopt the LAO recommendation to approve preliminary plans only.



**ISSUE 3: RESOURCES BUILDING PROJECT AS PROPOSED IN GOVERNOR'S BUDGET AND MARCH 30, 1999, FINANCE LETTER ADJUSTMENT.**

In the Governor's Budget the department requests \$2,063,000 in 1999-00 for preliminary plans, working drawings and construction. The March 30, 1999, Finance Letter reduces the funding requested in 1999-00.

**BACKGROUND:**

The proposal notes that fire, life and safety deficiencies (non-complying fire alarm and lobby smoke enclosure systems) have been cited relative to the Resources Building. Failure to correct these deficiencies will prevent needed alterations and tenant improvements.

As the noted in the Finance Letter notification, "Based upon updated cost estimates decrease funding for preliminary plans by \$29,000 and working drawings by \$50,000. In addition, based upon updated scheduling information, delete funding for the construction phase (\$1,823,000) as it will not be needed until fiscal year 2000-01.

**COMMENTS:**

Budget Committee staff recommends that the subcommittee:

- Adopt the Finance Letter

**ISSUE 4: FOOD AND AGRICULTURE BUILDING PROJECT AS PROPOSED IN  
GOVERNOR'S BUDGET AND MARCH 30, 1999, FINANCE LETTER  
ADJUSTMENT**

In the Governor's Budget the department requests \$21,098,000 in construction funds in 1999-00. The March 30, 1999, Finance Letter reduces the requested construction funding need by \$1,083,000.

**BACKGROUND:**

As noted in the proposal, the department seeks construction funding to abate all hazardous materials within the building, remove all non-essential interior improvements and upgrade all essential functions to all current applicable codes. Open arrangement office space will be constructed along with new dropped ceilings, HVAC system, fire protection system, lighting fixtures, electrical sub-panels, fire alarm system, communication outlets, mini-blinds, painting and carpeting. Existing elevators will be upgraded to current codes.

**COMMENTS:**

It is Budget Committee staff's understanding that the LAO is recommending that construction funding be deleted in 1999-00.

**ISSUE 5: HAZARDOUS MATERIAL ABATEMENT 107 SOUTH BROADWAY  
(LOS ANGELES) AS PROPOSED IN GOVERNOR'S BUDGET AND  
MARCH 30, 1999, FINANCE LETTER ADJUSTMENT.**

In the Governor's Budget the department requests \$1,083,000 for 1999-00 in construction funding for abatement efforts. The March 30, 1999, Finance Letter proposes to delete the aforementioned construction funding for this abatement project.

**BACKGROUND:**

As noted in the original proposal, this request involved an agreement between the State of California, County of Los Angeles and City of Los Angeles for the conveyance of property to the Los Angeles Unified School District. Before the property exchange could be executed all hazardous materials would be abated.

The March 30, 1999, Finance Letter notification indicates that the construction phase funding is being proposed for deletion because the project is being terminated. The department should be prepared to answer any questions the subcommittee may have regarding the project and its cancellation.

**COMMENTS:**

Budget Committee staff recommends that the subcommittee:

- Adopt the Finance Letter.

## **CONTROL SECTION 5.00**

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### **BACKGROUND:**

Control Section 5.00 was introduced last year in this subcommittee. It requires all departments to submit an itemization of all litigation claims, judgements, compromises, and settlements.

Proposed changes to the above referenced control section include:

- Limiting of reporting payment amounts to the lesser of either \$400,000 or more, or over five percent of the agency's 1998 Budget Act appropriation.

### **COMMENTS:**

Budget Committee staff recommends that the subcommittee:

- Deny the proposed changes to Control Section 5.00.

The proposed action would narrow the Legislature's understanding of litigation activity impact on department resources. The reporting ranges proposed would likely exclude a notable amount of litigation activity from being reported to the Legislature.

The recommended action if adopted would conform to the Senate action on this issue.

## CONTROL SECTION 27.00

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### BACKGROUND:

Control Section 27.00 governs the deficiency process.

Proposed changes to the above referenced control section include:

- Deleting a past provision that denies this deficiency process to Capital Outlay.
- Adding the word “generally” to the provision that deficiencies “should [generally] be limited to cases of unanticipated expenses incurred in the operation of existing programs....”
- Deleting a past provision that charges the Director of Finance to determine whether the deficiency expenditure being reported was denied by the Legislature during the prior year consideration of the Budget Bill.

### COMMENTS:

Budget Committee staff recommends that the Subcommittee:

- Hold open pending further discussions between minority and majority staff and subsequent discussions with Finance.

Minority and majority staff are still discussing the Finance proposed changes as well as the actions taken by the Senate relative to this issue. Like the Senate, both minority and majority staff are at this juncture not inclined to recommend adoption of the changes as proposed, and (also like the Senate) are discussing possible recommended changes to Finance’s proposed changes to the control section. Once staff reaches an agreement, a joint definitive recommendation will be proposed to the subcommittee.

## **CONTROL SECTION 28.50**

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### **BACKGROUND:**

Control Section 28.50 governs reimbursements between state entities.

Proposed changes to the above referenced control section include:

- Adding a provision that would allow transfers between support and local assistance
- Raising the notification to the Legislature reporting requirement from \$200,000 to \$400,000

### **COMMENTS:**

Budget Committee staff recommends that the subcommittee:

- Hold open pending further discussions between minority and majority staff and subsequent discussions with Finance.

Minority and majority staff are still discussing the Finance proposed changes as well as the actions taken by the Senate relative to this issue. Like the Senate, both minority and majority staff are at this juncture not inclined to recommend adoption of the changes as proposed, and (also like the Senate) are discussing possible recommended changes to Finance's proposed changes to the control section. Once staff reaches agreement, a joint definitive recommendation will be proposed to the subcommittee.