

PART II AGENDA

SUBCOMMITTEE No. 4 ON STATE ADMINISTRATION

ASSEMBLYMEMBER JUAN ARAMBULA, CHAIR

**WEDNESDAY, MAY 23, 2007
STATE CAPITOL, ROOM 437
10:00 A.M.**

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0250 JUDICIAL BRANCH

ISSUE 1: TECHNICAL ADJUSTMENT: EQUAL ACCESS FUND

The Judicial Branch requests the inclusion of the following technical provisional language to ensure the appropriate allocation of resources available to the Equal Access Fund.

Item 0250-101-0932

Provisions:

X. Funds available for expenditure in Schedule 8 of this item may be augmented by order of the Director of Finance by the amount of any additional resources deposited for distribution to the Equal Access Fund Program in accordance with Sections 68085.3 and 68085.4 of the Government Code. Any augmentation under this provision shall be authorized not sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

ISSUE 1: POPULATION ADJUSTMENT REQUEST

The Governor's Budget provides an annual adjustment to the Department of Corrections and Rehabilitation to provide resources to support the operational costs associated with the number of the inmates within the state's correctional institution. To receive the augmentation, the department projects in population twice a year: 1) the fall projection provides the baseline assumption for the population adjustment built into the Governor's January Budget proposal; and 2) the spring projection is the baseline assumption for updating the Governor's Budget through the May Revision Process.

Per Attachment 1, the department is requesting a total general fund augmentation of **\$36.2 million** for the state's juvenile and adult populations.

The Governor's Budget proposal estimated a year-end adult institution of 179,558 and a year-end adult parole population of 123,336 for the budget year (June 2008). The spring projection reduced the adult institution population projection by 1,322 for a revised year end estimate of 178,236. However, the spring projection increased the adult parole population by 126,068 for a revised year end estimate of 126,068.

The Governor's Budget proposal estimated a year-end juvenile institution population of 2,490 and a year-end juvenile parole population of 2,405. The spring project, however, projects a population of 2,340 juveniles within state institutions and 2,385 juveniles on parole.

In addition, the May Revision increases General Fund expenditures by \$56 million by withdrawing the proposals:

- Direct Discharge (\$47.9 million in savings)
- 12 Month Clean Time (\$4.6 million in savings)
- Eliminating Z Case Diagnostic Evaluations (\$4.2 million in savings)
- Sentencing Commission (\$457,000 expense)

However, the administration offsets the increase by \$31.2 million in savings related to pursuing a 12-month clean time parole discharge policy. Furthermore, the May Revised increases Local Assistance by \$16.9 million to offset cost of housing inmates locally includes trailer bill language requiring local agencies to file reimbursement claims with the department within six months. Lastly, assumes \$9.6 million for out-of-state beds.

ISSUE 2: JUVENILE POPULATION SHIFT

On April 25, 2007, the Subcommittee reviewed the Governor's proposal to shift a significant portion of the state's juvenile population to the local level. The proposal would accomplish four specific policy changes:

1. Stop the intake and housing of female offenders,
2. Stop the intake of parole violators with an original non-violent offense,
3. Stop the intake of non-violent juveniles, and
4. Return current non-violent pollution to the local level.

If adopt the proposal would reduce the state's juvenile population by 1,219 fewer wards, for a savings of \$32.8 million.

The May Revision increases the saving by an additional General Fund reduction of \$7.2 million as a result of adjusting the per capita cost for housing wards to reflect updated cost, as well as revising the number of juvenile offender that will be shifted to local jurisdictions based on updated ward intake estimates. The revised proposal assumes a decrease of 805 juvenile and per capita cost of \$188,000. In addition, the May Revision assumes the closure of the DeWitt Nelson Youth Correctional Facility in Stockton, for an addition \$1.7 million budget year savings.

ISSUE 3: RECIDIVISM REDUCTION STRATEGIES

The current year budget includes \$52.8 million for CDCR to implement rehabilitative programming that seeks to reduce the state high rate of offenders returning to state custody. The Governor's budget applies a full-year implementation costs the proposal, increasing the funding level to \$93.9 million in the Budget Year, an increase of \$41.1 million.

Pursuant to Provision 17 of 5225-001-0001, the Department pursued a mirage of proposals to determine the "best practices" and effective methods to increase the success of offenders transitioning back into California communities. However, due to various implementation problems, the department does not have a full year's worth of outcomes. In fact, of the \$52.8 million appropriated for the budget year, it is estimated that the department will revert \$17.2 million in savings to the General Fund.

COMMENTS

Committee staff has raised a number of concerns about the department misuse of this funding. Specifically, the department appropriated funds inconsistent with the plan they submitted to the Joint Legislative Budget Committee, most notably Program 21 (Reentry Partnership Initiatives), which funds six positions to participate in local taskforces.

Additionally, staff is concerned about the ability of the department to meet the expectations of the full year role out. Specifically, the department proposes increasing Residential Service from \$7 million in the current year to \$25 million in the budget year. However, the department is reverting \$4.5 million in the current year. Therefore, staff believes that the department maybe setting itself up for failure by attempting to increase this program by more than 200 percent.

Staff has also raised concerns but the department's decision to include the Division of Community Partnership, the Office of Research and the Office of Reentry and Recidivism. While no questions, the need for the department to perform these functions, they do not fit within the definition of a recidivism reduction strategy.

Lastly, staff is also concerned about including this number in the department's base. It may be more appropriate to utilize this pot of funds as a set-aside to test various strategies or initiatives for a limited term, in order to determine its effectiveness.

At previous hearings, the Legislative Analyst's Office testified to the effectiveness of increase parolee work programs.

ISSUE 4: PROJECT IMPACT

Project IMPACT (Incarcerated Men Putting Away Childish Things) is a nonprofit organization started by incarcerated men at San Quentin State Prison. This program is facilitated by men that are currently incarcerated and ex-offenders that have transitioned back into their community. The facilitators lead workshops and seminars that provide leadership on preventing violence, overcoming addictions, developing healthy relationships, and giving youth the tools to reconcile with themselves, their family, and their communities.

The May Revision includes \$820,000 General Fund to expand Project IMPACT so that more gang-involved youth in DJJ can participate in this program. The funding request includes \$305,000 for additional CDCR staff to facilitate the expansion of the program at DJJ facilities and \$515,000 to contract for 20 residential beds (10 in Northern California and 10 in Southern California) for youth paroling from DJJ.

ISSUE 5: TEACHER PAY PARITY

The Governor's January budget included a \$4.8 million General Fund augmentation to provide pay and schedule parity for educators within adult institutions. The increase would align adult institution educators with their counterparts in the Division of Juvenile Justice and surrounding public schools. The May Revision seeks to provide an additional \$11.7 million (General Fund) for this effort.

COMMENTS

Committee staff raised concerns with the January proposal to provide pay equity, because it utilized salary savings from vacant positions; thereby locking in the existing shortfall of teachers within state institutions. The May Revision is a method for addressing the concerns of staff, because it backfills the vacant positions.

ISSUE 6: LOCAL JAIL BED CONSTRUCTION

The May Revision proposal includes \$1.9 million General Fund for CSA to administer the local jail bed construction grants. The request will fund 14 positions to administer local jail construction funds. Responsibilities of the staff will include the development of Requests for Proposal criteria and monitor ongoing projects for standards compliance.

Assembly Bill 900 authorized \$1.2 billion in lease revenue bonds to fund the construction of 13,000 county jail beds, with a 25 percent match from the counties. The legislation requires the local jail bed construction funding to be allocated by the Correctional Standards Authority (CSA). The grants will be allocated in two phases. The first phase will be for \$750 million.

LAO

The LAO recommends reducing the May Revision proposal by two positions and \$320,000 General Fund. The LAO finds that the workload justification statements for some of the new positions appear to include a number of tasks that would not be accomplished until 2008-09. The LAO indicates that, in future years, additional positions could be considered as the department demonstrates that the grant program is moving forward as planned.

ISSUE 7: PEREZ LAWSUIT COMPLIANCE

The January Budget included \$57.8 million to provide increased salaries for selected dental classification within adult and juvenile institutions. The May Revision includes an increase of \$2,689,000 General Fund to rollout Phase IV of the Inmate Dental Services Program in response to the stipulation reached in settlement of the dental class action lawsuit *Perez v. Tilton*, and to provide additional headquarters staffing within the Dental Program.

The CDCR Dental Program has recently taken measures to mitigate its high vacancy rate including streamlining various exam procedures and participating in various recruitment activities. However, despite their efforts, the department has experienced minimal results.

ISSUE 8: COLEMAN LAWSUIT COMPLIANCE

Administrative Segregation Unit Mental Health Cells—A one-time General Fund augmentation of \$3,550,000 to modify or replace vent screens in 2,235 mental health cells in 45 Administrative Segregation Units (ASU) at 28 prisons statewide. This is necessary to comply with the order issued by the *Coleman v. Schwarzenegger* court to help prevent suicides in mental health cells within ASUs.

California Medical Facility Mental Health Crisis Bed Unit Staffing—An increase of \$8,220,000 General Fund to staff a new 50 Mental Health Crisis Bed (MHCB) Unit at the California Medical Facility (CMF) that was constructed in response to a *Coleman v. Schwarzenegger* court order. The MHCB Unit is scheduled to be fully licensed and operational by February 2008. These resources are necessary to ensure that the CDCR can hire staff in order to meet the licensing requirements and begin operating the new Unit upon licensure.

California Medical Facility Acute Cells Modification—A one-time General Fund augmentation of \$1,075,000 to retrofit 124 existing mental health acute cells at CMF. The retrofit will remove all hanging attachment sites and reduce the potential for suicides within these cells.

LAO

There are three requests in the Governor's budget directed by the *Coleman* court to modify cells to prevent suicide. The LAO finds that the funding is likely over-budgeted and the per-bed costs vary significantly from project to project without clear justification from the department. The LAO recommends approving these projects because of the legal ramifications of these projects, but also proposes budget bill language to ensure that excess funds revert at the end of the budget year.

ISSUE 9: PLATA LAWSUIT COMPLIANCE

Ongoing Plata Receivership Costs—The Governor's Budget included \$150.0 million in 2006-07 for activities of the Receiver appointed by the court in the *Plata v. Schwarzenegger* lawsuit. Since the Governor's Budget, \$28,733,000 in additional funds have been transferred, for a total of \$79,017,000 transferred to date. These transfers result in ongoing costs of approximately \$72,780,000 in 2007-08. This request includes \$18,218,000 General Fund, in addition to the \$54,562,000 proposed in the Governor's Budget, for the ongoing costs of the transfers requested by the Receiver in the current year.

Health Care Services Administration Funding—An increase of \$25.0 million General Fund in 2007-08 to add to the \$150.0 million in unallocated funds proposed in the Governor's Budget, and expand access to these funds to include programmatic issues which cross the jurisdictional boundaries of the *Plata v. Schwarzenegger*, *Perez v. Tilton*, and *Coleman v. Schwarzenegger* courts. In addition, it is requested that Provision 2 of Item 5225-002-0001 be amended to provide that funding would be available either upon the sole direction of the Receiver and the *Plata* court, or for cross-jurisdictional issues where all three courts agree that a coordinated approach is the most appropriate solution to the issue the courts are facing.

California Medical Facility Staffing Realignment—A decrease of \$1,961,000 to reflect the operational decrease from 200 percent capacity to 100 percent capacity for long-term care and administrative segregation beds within the CMF.

Health Care Guarding and Transportation Adjustment—A shift of all health care guarding and transportation costs to the Health Care Services Program budget. This has a net zero impact on the CDCR's budget

ISSUE 10: PROBATION FUNDING

The Governor's January budget proposal contained \$50 million General Fund for a new probation grant to target the at-risk 18-to 25-year-old probation population. The Governor's January proposal included the grant amount growing to \$100 million in 2008-09.

The Governor's budget proposal also included trailer bill language that specified that the grants be allocated to local probation departments that submit an action plan to address adult probation services for the 18-to 25-year-old population. The program would require the local probation department to identify and implement a validated risk needs assessment tool and will require a plan to use services and programs to address drug treatment, mental health treatment, cognitive behavior skills, and educational/vocational needs. Each county, after the submission of the required action plan, will receive a minimum \$100,000 grant plus a per capita share.

The May Revision reduces the January proposal by \$25 million in the budget year and \$75 million in 2008-09.

ISSUE 11: HIGH RISK SEX OFFENDER TASK FORCE

The Governor's January Budget included a General Fund augmentation of \$45.6 million and 6.0 positions to implement the High Risk Sex Offender Task Force Recommendations.

The request would implement a nationally recognized system known as the "Containment Model" and would establish program improvements that maximize public safety. Recognized a national "best practice," the containment model is based on the belief that sex offenders cannot necessarily be cured, but can be treated and monitored in a manner that enhances the safety of the community and protects victims. The model seeks to create a web of surveillance, monitoring and treatment as they are supervised by a team consisting of a parole agent, a victim advocate, a treatment provider and a polygraph examiner.

LAO

The LAO recommends that the Legislature approve the requested funding for this proposal. The LAO has recommended in past Analyses that the containment model approach is a cost-effective way to supervise sex offenders on parole.

Furthermore, the LAO finds that \$6.1 million was appropriated for sex offender treatment in the 2000-01 Budget Act. The department indicates that it is currently expending \$3.5 million to provide sex offender treatment services to 250 parolees. Therefore, the LAO recommends reducing the current proposal by \$2.6 million to account for the funding that should be supporting sex offender treatment, but has been redirected to fund other activities. The department concurs with \$2.2 million of this request because the department indicates that the original appropriation was actually \$400,000 less.

ISSUE 12: SEX OFFENDER MANAGEMENT (JESSICA'S LAW)

The Governor's January Budget includes a General Fund augmentation of \$77.3 million and 311.2 positions to implement the requirements of Proposition 83 (Jessica's Law), SB 1128 (Sex Offender Punishment, Control and Containment Act of 2006), SB 1178 (Global Position Monitoring of High Risk Sex Offenders), and AB 1015 (Establishment of the Sex Offender Management Board)

In the budget year, the proposal would provide 16.9 positions to Adult Institutions, 254.8 positions to Adult parole and 23.1 positions to the Board of Parole Hearings. The purpose of the request is to develop and implement a comprehensive approach with the department to identify sex offenders, to provide resources for the hearing process and record functions, and to provide oversight and monitoring of SO and SVP parolees up for release.

A Finance Letter (dated March 29, 2007) proposes to reduce this amount by \$9.3 million General Fund. This reduction is due to overstated facilities costs in the original proposal.

LAO

The LAO recommends two additional adjustments to this budget proposal beyond what the administration proposed in the Finance Letter (dated March 29, 2007). The department has concurred in these adjustments that result in \$5.6 million in additional savings in the budget year. The two adjustments are as follows:

- **Active GPS Parole Agents** – A reduction of \$2.5 million and 23 parole agent positions to account for over-budgeting related to the Active GPS program.
- **Active GPS Unit Costs** – A reduction of \$3.1 million to reflect a lower per unit cost of the active GPS unit.

ISSUE 13: CONSOLIDATED INFORMATION TECHNOLOGY INFRASTRUCTURE PROJECT

The Governor proposes \$118.5 million General Fund in the budget year to fund the Consolidated Information Technology Infrastructure Project. The Project proposes to consolidate the department's current information technology infrastructure and provide the basic network infrastructure for planned and future projects to centrally track and update inmate information. This proposal proposes to put in place the foundation that is needed to run any information technology applications. The total cost of the project is estimated to be \$268.2 million for over years.

Currently, most of the department's information technology systems are past their useful life (many were designed and implemented in the 1970s). Furthermore, the department cannot improve these systems without first addressing serious deficiencies in the telecommunications and electrical infrastructures of the institutions.

COMMENTS

As proposed, the department plans to complete the CITIP project on a rolling schedule, which means the department will be responsible for managing multiple projects in various stages simultaneously. Below outlines the expected accomplishments in the budget year:

Complete build out of 15 facilities	1. <u>\$76,684,732</u>
Completion of an the Design and Engineering phase for an 18 facilities to be completed in 2008-09	2. <u>\$4,407,933</u>
Cost associated with the rollout of BIS (which includes fiber retrofit for all facilities)	3. <u>\$33,860,405</u>
Project Management, Training, Staff, and other project related costs	4. <u>\$3,513,582</u>
Total	5. <u>\$118,466,652</u>

The rolling schedule will allow the department to complete the five institutions that have been prioritized by the federal receiver to IT upgrades, including San Quentin, as well as complete the necessary infrastructure built out to implement BIS system wide.

Staff has raised concerns about the cost estimates provided by the project. CTIP calls for "capital outlay" type activities. For example, the department will have to trench large stretches of land to lay the fiber wiring. This year the department has had a number of cost escalations relating to their capital outlay projects, most notably their wastewater treatment projects.

However, staff recognizes the needs upgrade the existing IT infrastructure to increase CDCR usage of technological administrative solutions.

ISSUE 14: STRATEGIC OFFENDER MANAGEMENT SYSTEM

The Strategic Offender Management System (SOMS) is a large information technology system that the department plans to implement over the next seven years. The system will be comprised of many commercial-off-the-shelf solutions that will enable the department to collect and use more detailed offender information in the management of the prison system.

The Governor's budget proposal includes \$3.6 million General Fund to support 17 limited-term positions to develop and manage the Request for Proposal for the SOMS project. The SOMS project is estimated to cost about \$300 million to fully implement.

COMMENTS

As proposed, the SOMS project raises two major concerns for staff. First, SOMS lacks the ability to track rehabilitative programming, namely education. With the passage of Assembly Bill 900, the Legislature has strongly prioritized the need for concentrated, quality rehabilitative services and to track participation data to determine the effectiveness of programming efforts. The department has indicated that it is seeking other proposals to address the automation of rehabilitative services.

Second, the receiver is currently developing an IT system for medical services. While department indicated that they have been working closing with the receiver, there is no guarantee that the two systems will work seamlessly. Staff is concerned that if the department is not carefully programming with the receiver, it may require an additional interface program or project in order for the two developing systems to communicate.

ISSUE 15: LAWSUIT COMPLIANCE – CONSENT

Armstrong v. Schwarzenegger, Remedial Plan—An increase of \$7,920,000 General Fund to comply with the January 18, 2007 *Armstrong v. Schwarzenegger* Injunction. The Injunction requires staffing in order to comply with the American's with Disabilities Act. The CDCR will also modify the Disability and Effective Communication System in order to track prisoners with disabilities. The funding is proposed on a two-year limited term basis.

Valdivia v. Schwarzenegger, Parole Revocation Process Monitoring—An increase of \$1,586,000 General Fund to provide staff dedicated to the compliance and monitoring of the parole revocation process. This proposal would meet the court order requiring dedicated monitoring staff for the parole revocation process, and would allow the CDCR to accelerate its compliance status with the class action lawsuit.

Rutherford v. Schwarzenegger, Transcription Services—An increase of \$1,373,000 General Fund to provide contract funding for the Board of Parole Hearings (BPH) to transcribe lifer hearings and place the transcription online. This proposal would allow BPH to remain compliant with Rutherford court order.

ISSUE 16: REAPPROPRIATION -- CONSENT

Business Information Systems—Addition of Item 5225-493 to reappropriate \$3,987,000 for the next phase of the Business Information Systems (BIS). The BIS is an off the shelf Enterprise Resource Planning Solution, which will consolidate the CDCR's business data into a single statewide system.

Parole Law Enforcement Automated Data System Modernization Project – Addition of Budget Bill item 5225-490 to reappropriate \$2.2 million for the Parole Law Enforcement Automated Data System Modernization Project. This will allow the California Department of Corrections and Rehabilitation to continue with this project, which has been delayed due to procurement Issues.

ISSUE 17: BASELINE BUDGET MODIFICATIONS – CONSENT

The May Revision includes an increase of \$12,109,000 General Fund in 2007-08 to provide necessary baseline resources to the CDCR. Included within this item is the revised rollout of the Division of Juvenile Justice's Safety and Welfare Plan and Mental Health Living Unit Plan, funds for the Division of Adult Institutions to correctly align Community Correctional Facilities costs, and funds to add overtime resources to the Valley State Prison for Women's Administrative Segregation Unit.

The May Revision includes an increase to Item 5225-001-0001 of \$3,222,000 General Fund in 2007-08 and \$1,098,000 ongoing to allow the CDCR to relocate all non-healthcare related employees from CDCR's 501 J street facility pursuant to the Receivers request. This increase is offset by a decrease to Item 5225-002-0001 of \$3,222,000 General Fund in 2007-08 and \$1,098,000 ongoing.

A Spring Finance Letter requested an increase of \$316,000 General Fund for a second undersecretary and two support staff. The New Undersecretary will be responsible for the Division of Support Services, as well as other critical operational units.

ISSUE 18: REVERSIONS – CONSENT

It is requested that Item 5225-495 be added to revert the unencumbered balances totaling \$39,157,000 for the following project phases:

Item 5225-301-0001, Budget Act 2006:

1. Deuel Vocational Institution, Tracy: New Wastewater Treatment Plant – Construction.
2. Deuel Vocational Institution, Tracy: New Electrical Power Substation – Working drawings and construction.

Item 5225-301-0001, Budget Act 2005:

1. Sierra Conservation Center, Jamestown: Effluent Disposal Pipeline – Construction.

It is requested that Item 5225-495 be revised to include the reversion of unencumbered balances totaling \$43.8 million in Item 5225-301-0001, Budget Act of 2006.

ISSUE 19: CAPITOL OUTLAY FINANCE LETTERS– CONSENT

Spring finance letter requested a net decrease of \$3.9 million to increase CIM Solid Cell Fronts by \$675,000 and to decrease the construction of CMF solid cell fronts.

Spring Finance letter requested the reappropriation of funds for the 2006 budget and 2005 budget act for CMC.

May Revision Letter requested the increase of \$593,000 for construction for the California Men's Colony.

ISSUE 20: WASTEWATER PROJECTS– CONSENT

Chuckawalla Valley State Prison -- The Department of Finance submitted an April 1 finance letter requesting the project be decreased by a net of \$4,416,000 for the addition of preliminary plans (\$550,000), an increase in working drawings (\$384,000), and the subtraction of construction (\$5,350,000). The project has been re-scoped from furnishing a trickling filter system to an oxidation ditch, based on a December 2006 agronomic study and capacity analysis, which concluded the trickling filters were not a viable option. It recommends the implementation of an oxidation ditch treatment system to increase the WWTP's reliability to accommodate anticipated increase in inmate population.

California Correctional Center -- The Department of Finance has submitted an April 1 finance letter requesting the project be increased by a net of \$22.6 million for a

decrease in working drawings (\$32,000) and an increase in construction (\$22.6 million). According to the administration, the agronomic report for this project indicates that the actual additional wastewater capacity at that this facility needs to handle twice the amount it originally planned for. Also, a seepage study shows that five storage ponds at this site need to be lined to reduce leakage that is beyond permitted levels.

Centinela Wastewater Treatment -- The Department of Finance has submitted a spring finance letter requesting the project be increased by \$896,000 for construction of the WWTP upgrades. The increase is attributed to the increase in electrical equipment costs and the need for fire sprinklers in the chemical building that were not identified in the preliminary plans.

Mule Creek Wastewater Treatment -- The Governor's January budget included \$390,000 (General Fund) to complete the preliminary plan phase for improvements to the Mule Creek Wastewater Treatment plant. The total project cost is estimated to be \$4.9 million, with project construction scheduled to be completed in 14 months.

California Correctional Institution – The Department of Finance submitted an April 1 finance letter requesting \$8 million for increased costs during the construction phase.

Deuel Vocational Institution – The Department of Finance submitted an April 1 finance letter requesting \$36.9 million for increase construction costs.