

Capital Outlay

The Governor's Budget proposes \$1.2 billion for the capital outlay program, not including funding for transportation and K-12 schools (the [Transportation](#) and [Education](#) sections describe the funding provided for those programs). Included in this amount is \$756.5 million for continuing phases of previously approved projects and \$417.5 million for new projects. Funding for this program comes from a number of sources including General Fund, various special funds, general obligation (GO) bonds, and federal funds.

Project funding requests are categorized as follows, and only the highest priority requests are proposed in the Budget:

Continuing Projects—Continuing phases to complete previously approved projects.

Higher Education—Capital outlay projects with emphasis on vital infrastructure, fire-life safety, and future enrollment growth for higher education.

Correctional Public Safety—Projects directly tied to capacity or correctional program requirements (e.g., correctional mental health facilities).

Other Public Safety—Noncorrectional projects directly linked to a public safety concern (e.g., Department of Justice crime labs and Department of Forestry facilities).

Fire and Life Safety—Projects for code violations or other infrastructure integrity concerns that have a direct impact on the safe use of the facility or real property (e.g., potable water systems, asbestos removal, and seismic improvements).

Other Critical Infrastructure—Projects to maintain critical program performance from a structure or piece of real property (e.g., restorations to keep a facility open; facility changes driven by caseload, workload, population pressures, statutory, or other mandatory changes).

Environment/Resource Stewardship—Projects to protect and enhance natural resources for public enjoyment and habitat conservation (e.g., conservancy acquisitions, wetlands restoration, watershed improvement, park projects, and boat ramps).

All Other—Any project not included in the priorities listed above.

[Figures CO-1](#) and [CO-2](#) summarize the proposed 2000-01 capital outlay program by agency and by project category.

Highlights of the 2000-01 capital outlay program contained in the proposed Budget are as follows:

Higher Education: \$731.2 million—Included is \$287.7 million for the University of California (UC), \$153.3 million for the California State University (CSU), and \$290.2 million for the California Community Colleges (CCC) from general obligation bonds and General Fund.

The Budget continues to provide UC and CSU with the flexibility and authority for expeditious infrastructure development and administration within the legislatively approved budget and scope. Over the last decade, UC and CSU have successfully managed approximately \$4.1 billion in state-funded capital outlay projects, and in recent years, this flexibility has assisted them in that accomplishment.

University of California

This amount includes \$113.6 million to allow UC to complete 18 previously approved projects at nine campuses and one off-campus site. The amount of \$174.1 million will allow UC to address 20 new projects at the nine existing campuses, the tenth campus at Merced and two off-campus locations. These projects will address growth, seismic, fire and life safety, and vital infrastructure needs. Examples of UC projects include: upgrades for seismic, fire and life safety, such as seismic improvement projects at the Berkeley, Irvine, and Los Angeles campuses; and correction of code deficiencies and vital infrastructure improvements, such as electrical distribution system improvements at the San Francisco campus. Future growth projects are also included that will provide new space for programs at the Riverside, San Diego, Davis, and Santa Barbara campuses. Funding is also included for design and construction of initial site development and infrastructure at Merced, as well as design funding for library, laboratory, and classroom facilities.

Also included is \$75.0 million as partial funding for UC to construct three Institutes for Science and Innovation. These funds are intended to be matched on a 2-to-1 basis with business, private, and/or federal funds.

California State University

The amount proposed for CSU includes \$82.1 million for the completion of 18 previously approved projects at 11 campuses. Funding of \$60.7 million will permit CSU to address 7 new major projects at 6 campuses. An additional \$10.5 million is provided for minor projects at CSU's 22 campuses. CSU's funding places priority on vital infrastructure projects such as critical telecommunication infrastructure improvements at 14 campuses. CSU's funding also includes projects to correct significant code deficiencies; projects to address existing space deficits; and three projects that address future growth needs of the Maritime Academy, Monterey Bay, and San Marcos campuses.

California Community Colleges

The \$290.2 million proposed for CCC will fund 83 projects at 62 campuses. Funding includes \$283.6 million for the continuing phases of 69 previously approved projects at 54 campuses and \$6.6 million to begin 14 new projects at 8 campuses. Funding for new projects includes the planning and working drawing phases for the seismic retrofit of 11 buildings on 5 campuses. CCC's funding also includes the construction phases for 2 new campus centers, the Kings County Center as part of the West Hills Community College District and the Eastern Sierra Center as part of the Kern Community College District. Funding is also provided for 10 projects for replacement or expansion of library facilities that will address serious space deficiencies and seismic concerns, and will provide access to high technology infrastructure. Additional projects include program expansion, correction of fire and life safety deficiencies, and equipment to complete previously funded projects.

California Department of Corrections: \$117.1 million—The Budget proposes \$106.6 million for the continuing phases of 25 previously approved projects and \$10.5 million to begin 15 new projects. The proposed new projects include design funding for: electrified fences at the California Men's Colony-East and the Sierra Conservation Center, renovation of the Y and Z dorms at the Deuel Vocational Institution, a potable water pretreatment system at Folsom State Prison, firing range modifications at the California State Prison at Sacramento, drilling of a new domestic water supply well at the California Institution for Men, fire alarm system upgrades and a potable water treatment facility upgrade at the California Men's Colony, a receiving and release building at San Quentin State Prison, a security perimeter infrastructure study at the California Institution for Women, a waste water prescreening facility at Wasco State Prison, a recycling and salvage program yard at Centinella State Prison, a wastewater plant at the California State Prison at Solano, replacement of modular housing units at the California Medical Facility, and a new boiler at Mule Creek State Prison.

Department of Forestry and Fire Protection: \$62.4 million—The Department will undertake 48 projects to make needed infrastructure improvements for public safety, fire and life safety, and critical infrastructure projects. Funding includes \$56.8 million for the continuing phases of 43 previously approved projects and \$5.6 million for 5 new projects and a minor capital outlay program. The new projects include replacing or improving three forest fire stations due to structural deficiencies; site acquisition due to lease expiration; and improving one conservation camp by providing needed utility upgrades.

Department of the Youth Authority: \$26.4 million—The Budget proposes \$20.2 million for the continuing phases of 11 previously approved projects and \$6.2 million to begin seven new projects. The proposed new projects include funding for a new kitchen at the Fred C. Nelles Youth Correctional Facility, personal alarm system at N. A. Chaderjian Youth Correctional Facility, living unit security rooms at Karl Holton Youth Correctional Drug and Alcohol Treatment Facility, air conditioning for education classrooms at El Paso de Robles Youth Correctional Facility, 50 specialized counseling program beds at the Southern Youth Reception Center and Clinic, a Correctional Treatment Center at Northern California Youth Correction Center, and a statewide communications system enhancement study.

Department of Parks and Recreation: \$19.6 million—The \$19.6 million proposed for the Department provides for 13 projects and 6 programs. Funding includes \$7.8 million for 6 previously approved projects and 5 continuing programs, and \$11.8 million for 4 new projects, 3 new acquisitions, and 1 new program. New projects include critical infrastructure improvements at Sonoma Coast State Beach and Donner Memorial State Park, environmental improvements at Sugar Pine Point State Park and Tahoe State Recreation Area, and acquisitions for off-highway vehicle recreation in Alameda, Lake, and San Luis Obispo Counties. Funding is also proposed for appraisals and other pre-acquisition costs associated with donations and other acquisitions involving no state funding.

Department of Motor Vehicles: \$18.1 million—The Budget includes a combination of State Highway Account, Motor Vehicle Account, and Motor Vehicle License Fee Account funds to continue the hazardous materials abatement and renovation project at the Department's Sacramento headquarters. Funding of \$15.5 million is included for the final phases. In addition, the first floor planning will also incorporate the first phase of the seismic retrofit component of the project. Funding of \$2.6 million is also provided for the initial phases of two new replacement facilities in San Ysidro and Stockton and \$100,000 for studies preliminary plans, and budget packages.

Department of Justice: \$14.4 million—The Budget includes \$12.0 million for the continuing phases of two previously approved criminalistic laboratory replacement projects in Santa Rosa and Redding and \$2.1 million for the acquisition of an existing criminalistic laboratory in Freedom.

The Budget also includes \$313,000 for expansion of the parking lot at the Division of Law Enforcement facility in Sacramento.

Department of Boating and Waterways: \$9.3 million—The Budget proposes \$7.6 million for the continuing phases of five previously approved projects, \$125,000 for project planning, and \$1.6 million for a minor project program.

Department of Veterans Affairs: \$9.1 million—The Budget includes \$6.6 million for the continuing phases of previously approved projects at the Yountville Veterans' Home, and \$1.6 million for new projects at the Yountville and Barstow Veterans' Home. The new projects at Yountville include the installation of a hospital emergency notification system, renovation of a 1.25 million gallon capacity water system, and restoration of the cemetery. New projects at Barstow include the construction of modified assisted living space. The Budget also includes \$864,000 in minor capital outlay projects at both the Yountville and Barstow homes.

Department of Transportation: \$8.9 million—The Budget includes \$2.3 million for continuing phases of previously approved projects at the Redding and San Diego District Office Buildings, and \$6.3 million for new projects at the Sacramento, Eureka, and Los Angeles District Office Buildings. The Budget also includes \$338,000 for studies, preplanning, and budget packages.

Department of Water Resources: \$8.6 million—The Department's capital outlay program includes \$4.5 million for the continuing phases of three previously approved flood control projects. In addition, Water Resources will spend \$4.1 million for four new flood control feasibility studies.

State Special Schools & Services: \$7.9 million—The Budget includes \$7.6 million for two continuing projects to address fire and life, safety and critical infrastructure needs at three Special Schools facilities and \$321,000 for the initial phases of two new projects. The new projects include renovation of vacated space at the School for the Blind-Fremont and construction of pupil/personnel facilities at the School for the Deaf-Fremont.

California Highway Patrol: \$7.4 million—The Budget includes \$6.5 million for the continuing phases for the renovation and expansion of three area offices to address serious space deficiencies and the construction of two new area offices to replace existing space deficient facilities. The Highway Patrol will use \$786,000 to initiate the acquisition and planning phases for the construction of a replacement facility in Williams. The Budget also includes \$120,000 for studies, preplanning, and budget packages.

Department of General Services: \$7.3 million—The Budget includes \$3.1 million for continuing projects and proposes \$4.2 million for new projects. The new projects include \$1.4 million to fund preliminary plans and working drawings to renovate the Bonderson Building in Sacramento, \$2.0 million to construct Alternative Fuel Infrastructure at three State garages, and \$694,000 to prepare renovation studies for four facilities in Sacramento: the Resources Agency building, the Employment Development Department building, the State Personnel Board building, and the Central Plant.

In addition, the Department will continue to work on various office consolidation projects throughout the state, including the Capitol Area East End Project in Sacramento.

Judicial Council: \$5.0 million—The Budget includes \$4.7 million for acquisition of property and the preconstruction phases for two new appellate courthouses: one located in Fresno and the other located in Santa Ana. The Budget also includes \$283,000 for renovations to the appellate courthouse in Sacramento.

Department of Health Services: \$4.0 million—The Budget proposes funding for the continuing phase of the previously approved fire and life safety improvements project at the Southern California Health Services laboratory.

Employment Development Department: \$4.1 million—The Budget includes \$4.1 million for the continuing phase of the previously approved renovation projects at the Torrance and Vallejo offices.

Military Department: \$3.4 million—The Budget includes \$545,000 for continuing projects and proposes \$2.9 million for new projects. The new projects include funding for preliminary plans for a new Combat Pistol Qualification Course and a new Modified Record Firing Range at Camp San Luis Obispo as well as \$1.6 million in minor capital outlay projects for statewide security lighting and security fencing projects.

Department of Mental Health: \$2.1 million—The Budget includes \$1.5 million for the continuing phases of previously approved projects, and \$150,000 to study programming and space needs at Napa State Hospital. The Budget also includes \$430,000 for minor capital outlay projects.

Department of Food and Agriculture: \$1.9 million—The Budget includes \$1.3 million for continuing projects and \$623,000 for new projects. The new projects include \$425,000 for acquisition for relocation of the Dorris Agriculture Inspection Station. The Budget also includes \$198,000 for a minor capital outlay project at the Redwood Agriculture Border Inspection Station.

California Conservation Corps: \$1.2 million—The Budget includes \$711,000 for four new projects and \$470,000 for a minor capital outlay program. The new projects include: relocating two residential facilities due to lease expirations, replacing a nursery office/classroom building due to structural and size deficiencies, and facility upgrades at an existing residential facility.

Department of Fish and Game: \$1.2 million—The Budget includes \$1.2 million for the planning phases of two major projects and a minor program. The two new major projects include: reconstruction of a fish barrier to prevent nonnative fish migration into golden trout habitat, and seismic retrofit of an historic fish hatchery building.

State Library: \$510,000—The Budget includes \$460,000 for a new major project and \$50,000 for a programming study for the Sutro Library in San Francisco. The new major project will provide seismic and fire life safety improvements at the Sutro Library; the study will develop the programming requirements for a future joint-use library with San Francisco State University. This project will provide a permanent location for the Sutro Library and further the State's commitment to leverage facilities to the maximum extent possible such as the joint-use library in San Jose constructed and operated by the San Jose State University and the city of San Jose.

Department of Rehabilitation: \$295,000—The Budget includes \$295,000 for minor capital outlay projects to renovate the Orientation Center for the Blind.

Air Resources Board: \$259,000—The Budget includes \$259,000 for the planning phases to renovate the Board's mobile source research and development measurement laboratory. These renovations would address operating deficiencies currently affecting the laboratory's testing abilities.

Franchise Tax Board: \$126,000—The Budget includes \$126,000 for minor capital outlay projects to accommodate legal staff and to provide space for new office equipment.

Bonds

Bonds finance a wide variety of projects benefiting the public, including schools, prisons, highways, rail transit, parks, water treatment facilities, natural resource acquisition and rehabilitation, and state office buildings.

General Obligation Bonds—California currently owes \$16.7 billion in principal on outstanding non-self liquidating GO bonds as of the end of calendar year 1999. The cost to the State's General Fund for the payment of interest and redemption on these bonds is \$2.1 billion in 1999-00 and is estimated at \$2.2 billion in 2000-01.

Lease-Revenue Bonds—The State also uses lease-revenue bonds to supplement the GO bond program. The lease-revenue method of financing projects has been used for higher education facilities, state prison construction, general-purpose office buildings, and other types of projects when a lease can be created that provides a marketable security for the issuance of the bonds.

Outstanding lease-revenue bonds totaled \$6.9 billion as of December 31, 1999, and are estimated to total \$6.95 billion as of June 30, 2000, and \$7.5 billion as of June 30, 2001. The cost to the State's General Fund for lease payments (principal and interest) was \$458.0 million in 1998-99 and is estimated to be \$480.9 million in 1999-00 and \$507.4 million in 2000-01.

A common measure of bonded indebtedness is the ratio of net tax-supported debt to General Fund revenues. Using this measure, for 1999-00 California's General Fund debt ratio is 3.9 percent and would rise to a maximum of 4.6 percent in 2000-03, assuming approval of all of the bond measures on the March ballot. California's current General Fund debt ratio is lower than it has been in the last seven years as depicted in [Figure CO-3](#). This has occurred primarily because General Fund revenue has increased more rapidly than debt payments. These statistics are based on GO debt, which relies on the General Fund for repayment (i.e., excludes self-liquidating GO debt), and on lease-revenue debt.