

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: May 25-26, 2005

Reference No.: 2.4d.(2)  
Action Item

From: CINDY McKIM  
Chief Financial Officer

Prepared by: Bimla Rhinehart  
Division Chief  
Right of Way and Land Surveys

Ref: **DIRECT SALE OF HUM-101 EXCESS PARCELS TO REDWOOD COMMUNITY ACTION AGENCY**

01-01-HUM-101-R79.20

Eureka

Disposal Unit DD 007941-01-02

9,900 ± sf

DD 007941-01-03

9,900 ± sf

Convey to Redwood Community Action Agency

\$442,500 (Appraisal \$442,500)

The California Department of Transportation (Department) originally submitted this item to the California Transportation Commission (Commission) at its March 3-4, 2005 meeting. The Commission deferred action on the item at that time so the Commission's attorney could review the proposed sale under Streets and Highways Code Section 118.1. This statute requires the Department to offer commercial property at current fair market value to a current tenant if the tenant has made improvements valued in excess of \$5,000 at the tenant's own expense, consistent with the terms of the lease agreement.

The Department recommends that the Commission approve the sale of two excess land parcels located on T Street in Eureka to the Redwood Community Action Agency (RCAA), a California Nonprofit Corporation. The parcels are zoned Service Commercial, are approximately 9,900 s.f. each, and are improved with single-family residences that have been converted to office use. The Department acquired the two parcels, identified as DD-007941-01-02 (523 T Street) and DD-007941-01-03 (539 T Street), in 1975 for the Eureka bypass, which was rescinded in 1995. RCAA will pay fair market value for the two properties, \$220,000 and \$222,500 respectively, in accordance with the district-approved appraisal. Photographs of the properties are attached.

The proposed sales have generated controversy in the local community. Several business owners and developers have asserted that RCAA has not met the requirements of Streets and Highways Code Section 118.1, claiming that the expenditures were for routine maintenance and repairs and that RCAA had paid below-market rent. These business owners are requesting that these parcels be offered for sale at public auction.

RCAA has leased 523 T Street since 1995 for their youth counseling services and 539 T Street since 1983 as an energy demonstration and education facility. The initial lease rate was at below fair

market rent with annual adjustments commencing in 2002 to bring it up to fair market. RCAA has provided the Department with invoices for expenditures that total \$6,693.15 and \$20,897.59 respectively, on the two properties. These invoices are for items such as roof replacement, electrical work, plumbing and new flooring.

In this regard, the Department has determined that the RCAA expenditures meet the requirements of Streets and Highway Code Section 118.1. Furthermore, Senator Wesley Chesbro, Assemblymember Patty Berg, the Humboldt County Board of Supervisors, the Eureka City Council, and several local citizens have written letters in support of the sale to RCAA. Supporters point out that RCAA provides invaluable social services to the local community.

Attachment(s)

**SUMMARY OF DIRECTOR'S DEEDS 2.4d.(2)  
PRESENTED TO CALIFORNIA TRANSPORTATION COMMISSION - MAY 2005**

**Table I - Volume by Districts**

District	Direct Sales	Public Sales	Non-Inventory Conveyances	Other Funded Sales	Total Items	Current Estimated Value	Return From Sales	Recovery %
								% Return From Sales Current Value
01	2				2	\$442,500	\$442,500	100%
02					0	\$0	\$0	
03					0	\$0	\$0	
04					0	\$0	\$0	
05					0	\$0	\$0	
06					0	\$0	\$0	
07					0	\$0	\$0	
08					0	\$0	\$0	
09					0	\$0	\$0	
10					0	\$0	\$0	
11					0	\$0	\$0	
12					0	\$0	\$0	
<b>Total</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>\$442,500</b>	<b>\$442,500</b>	<b>100%</b>

**Table II - Analysis by Type of Sale**

Type of Sale	# of Items	Current Estimated Value	Return From Sales	Recovery %
				% Return From Sales Current Value
<b>Direct Sales</b>	2	\$442,500	\$442,500	100%
<b>Public Sales</b>	0	\$0	\$0	
<b>Non-Inventory Conveyances</b>	0	\$0	\$0	
<b>Sub-Total</b>	<b>2</b>	<b>\$442,500</b>	<b>\$442,500</b>	<b>100%</b>
<b>Other Funded Sales</b>	0	\$0	\$0	
<b>Total</b>	<b>2</b>	<b>\$442,500</b>	<b>\$442,500</b>	<b>100%</b>





Front View – Both Properties



Front View – 523 T Street



Front View – 539 T Street



Side View – Rear of Both



Side View – 539 T Street



May 11, 2005

Chairman Joseph Tavaglione and Members  
California Transportation Commission  
1120 N Street, 2nd Floor  
Sacramento, CA 95814

RE: Guidance on the Interpretation of Streets and Highways Code Section 118.1

Dear Chairman Tavaglione and Members:

I have been asked to provide guidance on the interpretation of certain terms used in Streets and Highways Code section 118.1. This letter responds to that request. Please note that this letter does not constitute a formal opinion of the Attorney General and does not necessarily represent the views of the Attorney General. This letter instead provides informal guidance, and is provided to the Commission in this office's capacity as legal counsel to the Commission. If a formal opinion of the Attorney General is desired, one can be requested from the Attorney General's Opinion Unit.

For reasons which follow, it is more appropriate to provide guidance on how the Commission should construe those terms rather than to provide what purport to be definitive answers.

State agencies operate in the context of statutory authority. Occasionally, they have to construe the meaning of a statute which governs their operations or which they are legislatively directed to implement when there do not exist any judicial decisions interpreting the statute. Although the interpretation of statutes is a judicial function, the courts give some deference and weight to the agency's construction of statutes. Since there are no judicial decisions interpreting section 118.1, it is appropriate for the Commission to attempt to construe the section in a reasonable manner. This letter is intended to guide, rather than to direct, that effort. Given the Commission's role in the planning and funding of highways, the adoption of resolutions of necessity, and the approval of conveyances of excess highway property, the Commission could be viewed as having particular experience and knowledge well-suited to construing section 118.1.

In the case of section 118.1, there are two agencies expressly involved, the Department ("Caltrans") and the Commission. Thus, a question is raised concerning which agency should have the greater role in construing the terms of section 118.1. The answer to the question may depend on the term at issue. For example, as discussed later in this letter, it may be appropriate to give somewhat more deference to Caltrans with regard to the interpretation of the word "improvements" than with regard to other elements of the section.

**Must the Property Have Consisted of Commercial Property  
At the Time it Was Acquired by Caltrans?**

Question for the Commission: Is it reasonable to interpret section 118.1 to apply to property which is *currently* used as commercial property, or to apply *only* to property which consisted of commercial property at the time Caltrans acquired it?

Section 118.1 refers to the disposition of "commercial real property acquired for the construction of a state highway, but no longer required for that purpose." The question which is raised is whether the property had to be "commercial" property at the time it was acquired by Caltrans, or whether the adjective "commercial" applies to the current character of the property.

One view is that the property must have been commercial at the time Caltrans acquired it. This view could be based on the placement of the adjective "commercial" immediately before the noun "property."

On the other hand, it might be possible to support an alternative interpretation of the language. A grammatically similar sentence might help illustrate the point. For example, assume that a statute generally provides for annual inspections of public buildings at the expense of the agency or jurisdiction which uses the building, but which includes the following exception: "With respect to school facilities acquired prior to the establishment of seismic standards, inspections shall be made every six months at state expense." It is possible that one could reasonably interpret this language to require inspections of buildings *currently* used as schools to be made at state expense every six months, rather than once a year at the school district's expense, since one could draw from the language of the hypothetical section the inference that its purpose had to do with the protection of those -- i.e., students -- who are the *current* users of the structure, rather than with the manner in which the building had been used at the time of acquisition.

The foregoing example could be seen to illustrate the fact that the meaning of words used in any text, including a statute, is not determined in a vacuum but in the context of experience and common sense. In the case of the hypothetical example, one could discern a purpose for the hypothetical statute if the phrase "school facilities" is taken to define the *current* use of the property rather than some earlier use. The question is whether a similar analysis can be made of the corresponding language in section 118.1.

There does not appear to be any discernable purpose in requiring that the property have been in use as commercial property at the time it was acquired. On the other hand, when the legislation which created section 118.1 is considered in the general context existing at the time section 118.1 was first proposed, a legislative purpose which relates to how the property is used currently may be discernable.

When it was first introduced, the bill referred to "residential real property acquired for the construction of a state highway." A month after it was introduced, the word "residential" was stricken and replaced with the word "commercial." That particular amendment left the rest of the bill intact. This fact appears to provide some support to the notion that the focus of the bill was not so much on the status of the property when Caltrans acquired it but rather on the relationship of the present occupant to the property during the time leading up to the proposed conveyance of the property.

In addition, although the legislative history does not explain why the bill was amended so as to change the operative adjective from "residential" to "commercial," an educated guess could be made. At the time the bill was considered by the Legislature, there already was a provision of law which provided for the disposition of surplus state property used for residential purposes. (Government Code section 54237.) It may be that the author, and hence the Legislature, realized that there already existed a statutory framework with regard to occupied residential property, including Caltrans-owned property, and thus decided not to deal with residential property but rather to use the legislation to supplement the existing framework with one which would apply to commercial property instead.

Government Code section 54237 does not focus on the status of the property at the time it was acquired by the state but rather on its status at the time the state proposes to sell it. If, as suggested above, the amendment of AB 1277 to change "residential" to "commercial" signalled a new intent to supplement the existing framework pertaining to residential property with one which would pertain to commercial property, then it might be reasonable to assume that what was important was that the property was commercial at the time of proposed disposition, and not at the time of acquisition.

One of the conditions for application of section 118.1 is that the occupant have made improvements in excess of a specified value. Putting aside what is meant by "improvements" (a matter discussed below), one could draw the inference from this requirement that the Legislature was concerned with occupants of Caltrans-owned property who had made a significant investment in the property during their occupancy, and that the Legislature intended, for reasons based on presumed fairness, to give such occupants a right of first refusal to acquire the property because of such investment. If so, is it reasonable to draw from the section the inference that this concern would *not* apply in the case of property which was not commercial when it was originally acquired?

### **The Meaning of "Improvements"**

Question for the Commission: Is it reasonable, in the context of section 118.1, to construe "improvements" broadly or narrowly?

Section 118.1 includes, as a factor defining an eligible occupant, a requirement that the occupant have made "improvements of a value in excess of five thousand dollars." The section does not define "improvements."

As the text of section 118.1 demonstrates, the Legislature enacted that section knowing that Caltrans was in the business of renting or leasing property to tenants. It might be reasonable to assume that the Legislature intended that the word "improvements" have the same meaning as it had in the context of Caltrans's rental agreements and leases. For that reason, and because, as between Caltrans and the Commission, it is Caltrans which has a more direct and ongoing interest in the meaning of the term, it might be reasonable to give greater deference to Caltrans's definition, assuming that it appears to be a reasonable definition.

The word "improvements" is defined in different ways in different contexts. Caltrans suggests that it means "betterments," citing *McFadden v. Lick Pier Co.* (1929) 101 Cal. App. 12, 17. That case, relying on a legal dictionary definition, stated that "improvements" has "a broad signification," that they involve something "more extensive than ordinary repairs, and enhance, in a substantial degree, the value of the property."

In addition to general case law definitions, there are numerous statutes in which the term "improvements" is defined for specific purposes. Several examples of such definitions are cited by Kelly Walsh, attorney for Ben Jones, an opponent of the proposed conveyance, in his letter to the Commission dated February 25, 2005.

Mr. Walsh offers two statutory definitions of "improvements." First, he cites Streets and Highways Code section 25003, a section which is part of and applicable to the Joint Highways District Act. (Sts & Hwy C. sec. 25000, 25001.) Section 25003 defines "improvements" to include "the laying out, construction, improvement, and maintenance of public highways and appurtenances thereto, including tunnels which are incident to highway purposes." Both the language of that section and section 25001 demonstrate that section 25003 does not provide a meaningful or compelling definition of "improvements" as that term is used in section 118.1.

The other section cited by Mr. Walsh is Revenue and Taxation Code section 105, subdivision (a), which provides:

"Improvements" includes: (a) All buildings, structures, fixtures, and fences erected on or affixed to the land.

Revenue and Taxation Code section 105 is one of several sections which provide definitions which govern the construction of Division 1, of the Revenue and Taxation Code, which pertains to property taxation. (Rev. and Tax. C. sec. 101.)

Revenue and Taxation Code section 105 does not appear to have any utility in terms of providing a definition of "improvements" for purposes of section 118.1. Section 105 was not intended to define "improvements" in contexts other than property taxation. Moreover, this definition does not appear to refer expressly to work which could enhance the value of an existing structure, a fact which has something to do with the context of section 105, although any such enhancement in value would be reflected in the assessed value of the property. In other words, Revenue and Taxation Code section 105 deals with existing structures (or vegetation), not with what acts which constitute alterations of those structures would constitute an "improvement."

In addition, case law suggests that tax law definitions of terms are of limited utility in defining those terms for other, non-tax related purposes. For example, it has been noted that "[t]he courts have often declared that definitions evolved for property tax purposes have no necessary conformity with definitions for other purposes." (*Richard Boyd Industries v. State Board of Equalization* (2001) 89 Cal. App. 4th 706, 714, quoting from an earlier case.)

Mr. Walsh also states that the work done, including the replacement of the floor and of the roof, constitutes maintenance rather than improvements. In support of his contention the opponent cites Streets and Highways Code section 22531, a section which defines "maintenance." However, that section is one of several definitions which apply to the Landscaping and Lighting Act of 1972. (Sec. 22520.) That Act applies to certain local agencies. (Sec. 22501.) It does not appear to apply to Caltrans at all, let alone to section 118.1.

However, it is interesting to note that the Act also contains a definition of "improvements" which includes, among other things, not only playground equipment and public rest rooms, but also the "maintenance or servicing, or both" of the specific items defined as improvements. (Sec. 22525(f).) Thus, if the Landscaping and Lighting Act of 1972 is of any help at all, it serves to show how broadly the term "improvements" can be defined. (The Street Lighting Act of 1919 defines "improvement" to include "the *maintenance* or servicing, or both, of all or part of any one or more street lighting systems . . . ." (Sec. 18007; emphasis added.))

Mr. Walsh also cites in support of his contention the lease agreements between RCAA and Caltrans. For example, according to the opponent, the lease of the 539 T Street property "required RCAA to 'assume all the costs and responsibility of the maintenance and repair of the structure and the property.'" (Walsh letter, Feb. 25, 2005, p. 1.) The opponent then states that replacement of the roofs and flooring after 16 years of occupancy constituted maintenance, since those years of occupancy "used up the reasonable life of those items." (Id., p. 3.) However, the provision of the lease requiring RCAA to "assume all the costs and responsibility of the maintenance and repair of the structure and the property" did not expressly obligate RCAA to replace flooring or roofs.

In addition, the maintenance provision cited by Mr. Walsh is paragraph 6 of the lease originally signed in 1983. (Exhibit D to Walsh Feb. 25, 2005, letter.) That lease was for a term of one year. It is not reasonable to interpret paragraph 6 of that lease as *requiring* RCAA to replace the roof or the flooring when the term of the lease is of so short a duration. Moreover, the fact that a tenant might be required to perform certain work at its expense is not in and of itself necessarily determinative of whether the work constitutes "maintenance" as opposed to "improvement."

Putting aside both the definition offered by Caltrans and the statutory definitions offered by the opponent of the proposed conveyance, some inferences concerning the meaning of "improvements" for purposes of section 118.1 could possibly be drawn from considering both the language of the section and the duration of leases of Caltrans-owned real property which has been acquired for highway construction purposes.

As indicated above, in the discussion pertaining to whether the property must have been commercial when acquired, one could draw from the language of section 118.1 the inference that the Legislature intended to address the situation where the current occupant of the property had made a significant investment in the property and where, for reasons of presumed fairness, that occupant should be given first priority to acquire the property if it becomes excess property. If so, then is it more reasonable to interpret the term "improvement" narrowly or more reasonable to interpret the term broadly? In considering this question, the Commission should take into account the fact that such work is not likely to benefit Caltrans if the property is eventually used for highway purposes, since any structures would probably be demolished.

In addition, the tenant's lack of assurance of continued occupancy may play a role in interpreting the word "improvements." That lack of assurance is based on the duration of Caltrans' leases and on the underlying fact that, at the time the work is done, the property is expected eventually to be used for highway purposes. The leases pertaining to the property at issue here were and are for relatively short durations, ranging from one year to three years. These durations are not surprising, since Caltrans acquired the property for highway purposes, and until Caltrans has determined that the property is not needed for those purposes, a long-term lease could present an obstacle to the completion of such purposes. Presumably, the Legislature was aware of that fact when it adopted section 118.1.

Thus, where a lease is of short duration, and when the work is done the property is still subject to be used for highway purposes, is it reasonable to employ a broad definition of "improvements" or a narrow definition? Taking the case at hand for illustrative purposes, if a tenant with a lease due to expire within one to three years, and with no assurance of continued occupancy thereafter, replaces a roof with a new 20-year roof, is it more reasonable to consider the new roof an improvement or more reasonable to consider it routine maintenance?

### **The Meaning of the Phrase "Two Independent Appraisals"**

Question for the Commission: Does section 118.1 require appraisals by two appraisers who are *not* associated with Caltrans, or does it allow appraisals by two appraisers who are associated with Caltrans so long as the appraisals are done independently of one another?

The phrase "two independent appraisals" could be interpreted in two ways. One interpretation is that the phrase requires that appraisals be performed by two appraisers who are independent of both Caltrans and any prospective purchaser. The other interpretation, which is the one advanced by Caltrans, is that the two *appraisals* must be performed independently (which would require two separate appraisers), but that the appraisers can be Caltrans employees.

Some of the legislative history of the section may be of assistance, if it is concluded that the meaning of the language is not clear. Section 118.1 was adopted through the enactment of AB 1277 (1981). When AB 1277 was in the Senate, it was amended so as to add the language which refers to independent appraisals. Until then, the bill provided that Caltrans was to offer the real property to the occupant "for sale at its current fair market value." There was no specific reference to appraisals, although one could reasonably conclude that the Legislature expected that the determination of fair market value would be based on an appraisal.

The amendment in the Senate added the following language:

For the purpose of establishing fair market value,  
the department shall obtain at least two independent  
appraisals from qualified appraisers.

It should be noted that the adjective "independent" appears immediately before the noun "appraisals."

The addition of the language requiring two independent appraisals appears to advance a legislative intent that there be some objective, reliable support for the determination of fair market value. This legislative purpose is achieved under *either* interpretation of the phrase.

Arguably, interpreting the phrase to require appraisals by appraisers who are independent of *Caltrans* might seem to go further to advance the presumed legislative purpose, since *Caltrans* can be viewed as a proponent of the proposed conveyance, a fact which may have contributed to the Legislature's previous decision to add language to section 118 to require Commission approval of conveyances of excess highway property.

To interpret the phrase to mean that the appraisers must be independent of *Caltrans* could possibly be based on one of the following two analyses. The first analysis is one which views the adjective "independent" as modifying not only "appraisals" but also "appraisers." The second analysis would be based on the notion that an "independent appraisal" could only be performed by an "independent appraiser," and that an "independent appraiser" would have to be someone independent of *Caltrans*.

On the other hand, requiring two appraisals done independently of one another but prepared by *Caltrans* appraisers also could be viewed as furthering the legislative purposes, since two independent appraisals can provide greater assurance that the price for which property is sold is the property's fair market value.

Moreover, the placement of the adjective "independent" could be viewed as supporting the interpretation that holds that the *appraisals* must be done independently, something which would require two appraisers acting independently but which would not preclude the use of appraisers employed by *Caltrans*. Arguably, if the Legislature intended the two *appraisers* to be independent of *Caltrans*, the Legislature could have employed the following alternate language:

For the purpose of establishing fair market value, the department shall obtain at least two ~~independent~~ appraisals from qualified independent appraisers.

Indeed, the Legislature could have expressly referred to "qualified appraisers not associated with the Department," in which case there would have been no ambiguity. Is it reasonable to consider the absence of such specific language as an indication of the Legislature's intent?

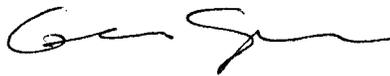
There is another factor which could support the interpretation which would allow appraisals by *Caltrans* appraisers. California Constitution Article VII inhibits "contracting out" of services which could be performed by civil service employees. At the time section 118.1 was adopted *Caltrans* had, and continues to have, employees who are qualified to appraise real property and who do so as a function of their employment with *Caltrans*. Consequently, at the time section 118.1 was adopted, one could conclude that, of the two interpretations discussed above, one of the interpretations could result in a violation of the Constitution whereas the other would not. If so, then it could be considered reasonable to construe the phrase to refer to two appraisals, each done independently of the other, which could be performed by employees of *Caltrans*.

Chairman and Members, Transportation Commission  
May 11, 2005  
Page 9

**Conclusion**

This letter is intended to raise issues for the Commission to consider in its determination of the meaning of certain terms used in Streets and Highways Code section 118.1. This letter does not express any view with regard to whether any proposed conveyance of property should or should not be approved.

Sincerely,



GEORGE SPANOS  
Deputy Attorney General

For BILL LOCKYER  
Attorney General

2.4d(2)

**MITCHELL, BRISSO, DELANEY & VRIEZE**

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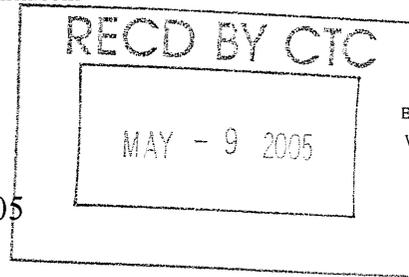
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EMERY F. MITCHELL (1896 - 1991)  
WALTER J. CARTER (1949 - 1993)



May 4, 2005

Mr. Robert Chung  
California Transportation Commission Deputy Director  
1120 "N" Street  
228 Mail Station 52  
Sacramento, CA 95814

Re: Our Client: The Redwood Community Action Agency (RCAA)  
Issue: Director's Deed Transfer, T Street Properties, Eureka, CA  
(Previous) Action Item: 2.4d.(3), March 2-3, 2005 Agenda Item for the  
California Transportation Commission

Dear Mr. Chung:

Enclosed are twenty (20) copies of "Improvement Cost" summary sheets prepared by the Redwood Community Action Agency in response to inquiries from Caltrans personnel. The summary sheets further document the history of improvements RCAA has made to the "T" Street Properties. Please forward these materials to the Commission, along with the materials previously provided, regarding the above-captioned matter in anticipation of the continued public hearing at the May, 2005, Commission meeting.

Very truly yours,

MITCHELL, BRISSO, DELANEY & VRIEZE

Russell S. Gans

RSG/dhs  
Enc.

cc: Lloyd Throne, RCAA Exec. Dir. (w/o Enc.)

## **Improvement Costs: 523 T Street, Eureka, California**

### **Flooring**

#### *Background*

When RCAA moved into the 523 T Street building in August 1995, RCAA replaced the surface flooring. RCAA's Youth Services Bureau maintained the flooring as best it could over the ensuing years but eventually needed to replace the subflooring as well.

Consequently, RCAA had new flooring and sub-flooring installed throughout the building. Enclosed is a Nelson Flooring invoice dated 6/14/2001 for the replacement flooring throughout the 523 T Street property.

**Total Cost: \$6,793.15**

### **New Front Entry Porch**

#### *Background*

In addition to the new flooring and subflooring, RCAA constructed a new front entry porch to the building prior to moving in. The old, smaller porch was unsafe and Caltrans' staff indicated that due to Caltrans budget constraints, that Caltrans could not replace the porch.

RCAA had to complete extensive structural repairs and replacement of the front entry porch that included: removal and disposal of the old porch; raising and repairing the front porch roof; replacement of cross beams, porch columns, and other related structural components.

Unfortunately, the personnel and materials' costs records related to those expenditures no longer exist as they have been purged. However, a conservative estimate for the value of the porch replacement equals **\$7,000.00**.

## Improvement Costs: 539 T Street, Eureka, California

### Roof Replacement

#### *Background*

Redwood Community Action Agency ("RCAA") moved into the 539 T Street building in October 1982. The roof was original and had not been either repaired or replaced by *Caltrans* when we moved in. During the ensuing years we began having problems with the leaky roof in several spots including the back office, front office and storage room. These problems included leaks resulting in water ruining and staining portions of the ceilings, walls and window sill in the storage room. We repaired these problems as they occurred. In time, in addition to leaking into the building, the roof had begun to sag in several places along the sides of the house and over the rear portion of the roof. We hired A&I Roofing to replace the roof and all rotten components. The work required the complete removal of three layers of roofing material, replacement of rotten joists and sheathing.

Enclosed, is the A&I Roofing contract dated 7/19/99 for a new roof & check for the required 10% down, at \$722.70. Also enclosed is A&I Roofing final invoice dated 10/29/99 for a new roof. \$6,780.3. **Total Cost: \$7,503.00**

### Natural Gas Service

#### *Background*

When RCAA moved into the 539 T Street property in 1982, the building did not have natural gas service. There was no existing gas water heater and the existing gas floor furnace had been abandoned many years before we moved in. The building did not have gas service until we contracted with PG&E to trench to the street, tie into the gas line next door and install gas line to the front side of the building.

Enclosed are the following documents:

1. PG&E contract to trench and install a gas line to the 539 T Street property.
2. PG&E invoice dated November 10, 1999 for the gas line work.  
\$772.25.
3. PG&E Deficiency bill dated January 16, 2001 per the gas line extension contract.  
\$338.13.

4. PG&E Deficiency bill dated October 1, 2002 per the gas line extension contract. \$117.45 .
5. PG&E Deficiency bill dated April 16, 2003 per the gas line extension contract. \$12.15.

**Total Cost: \$1,239.98**

## **Gas Water Heater Installation**

### *Background*

Once the natural gas line was installed, RCAA hired Mike's Plumbing to run gas line from the front side of the building where PG&E left off to the rear of the building. We had the plumber then install a new gas water heater in the basement. We did not have hot water at the Center until the gas water heater was installed.

Enclosed is Mike's Plumbing handwritten invoice dated 9/24/04 for the installation of gas line and a gas water heater in 1999.

**Total Cost: \$2,673.40.**

## **Flooring**

### *Background*

When RCAA moved into the building in 1982, the flooring consisted of very old white grid pattern linoleum throughout the building and an old, worn brown vinyl flooring in the front office. The leaking roof had caused rain to leak into the back office and ruin the floor despite our efforts to keep it dry.

We maintained the flooring as best we could but it did need to be replaced. Consequently, RCAA had new sub-flooring installed throughout the building, including those where water damage had occurred in past years. Enclosed is a Nelson Flooring invoice dated 7/5/99 for new flooring throughout 539 T Street property. **Total Cost: \$8,860.00.**

## **Waterline Construction**

### *Background*

RCAA has for years, made numerous repairs to the plumbing system. RCAA has also had a plumber dig up the yard and install a new line and a cap on

two occasions. RCAA no longer has the receipts for the first waterline replacement when the water meter had to be replaced. Enclosed is a Cruz Plumbing invoice dated 2/10/04 for installation of a new waterline.

**Total Cost: \$700.00.**

### **Installation of electrical service outlets & removal/ replacement of hazardous electrical outlets**

#### *Background*

The Center's electrical system is very old and occasionally has problems. We had Parker Electric come to the Center initially to replace an outlet that caught fire behind the wall and charred the outlet cover. We had them test a couple of other questionable outlets to see if they were safe and remove one outlet that was directly behind the woodstove. The outlet behind the stove was not on a wall but extended out from below the floor by its long, "cloth" covered wiring. We never used this wiring as we considered it hazardous. Once removed, we had a new outlet installed on an adjacent wall so that we could use equipment there without having to run an extension cord like we had used for all the prior years. The Parker Electric invoice dated 3/17/04 is for repair and installation of electrical outlets.

**Total Cost: \$510.00**

### **Woodstove Replacement**

#### *Background*

The main heat source at the Center has been wood heat through a woodstove since we moved into the building in 1982. In 2000, RCAA, with the permission of the state, removed the woodstove and replaced it with a new unit. A Country woodstove which RCAA had previously purchased was then installed at the Center. Enclosed is an invoice reflecting the cost of the stove from Eureka Stove and Fireside Shop, dated 10/23/99 (\$1,228.01). Fees were also incurred with American Clean Sweep related to the installation of a new woodstove (\$250.00). **Total Cost: \$1,478.01.**

### **Computer Network System**

#### *Background*

Several times over the years we have had to upgrade the electrical system to accommodate dedicated circuits for computers, etc. In 1999, RCAA had to wire the building for a new computer network system. The

networking was required for the efficient use of a new PC system which was replacing an old MacIntosh system. The PC system was required for our core state contracts which were being automated and to accommodate the two PCs that the state had given RCAA to implement the system. One of the computers was used downstairs in the building for the Intake staff and the other unit was used upstairs for uploading client information to the state for billing and reporting purposes.

Enclosed is a Network Management Services' invoice for wiring the Center's computer system network dated 10/21/99. **Total Cost: \$618.75.**

**TOTAL FUNDS EXPENDED @ 539 T Street \$23, 583.14**