

CALIFORNIA STATE ASSOCIATION OF COUNTIES
BOARD OF DIRECTORS
Thursday, September 4, 2014
10:00am - 1:30pm
CSAC Conference Center, Sacramento

A G E N D A

Times for agenda items listed herein are approximate. Matters may be considered earlier than published time.

Presiding: John Gioia, President

10:00am - **PROCEDURAL ITEMS**

1. Roll Call Page 1
2. Approval of Minutes of May 15, 2014 Page 3

10:10am - **SPECIAL PRESENTATION**

3. CSAC Corporate Partners Report Page 7
 - Pauline Whelan, Alkermes
 - Jim Manker, CSAC staff

10:30am - **ACTION ITEMS**

4. Consideration of November 2014 Ballot Initiatives
 - DeAnn Baker & CSAC Advocacy Staff
 - Proposition 1: The Water Quality, Supply, and Infrastructure Improvement Act* Page 15
 - Representative from 'Yes on Prop. 1' campaign
 - Representative from 'No on Prop. 1' campaign
 - Proposition 2: State Reserve Policy* Page 22
 - Proposition 46: The Troy & Alana Pack Patient Safety Act of 2014* Page 28
 - Bob Pack, Father & Co-author of Prop. 46
 - Brandon Castillo, 'No on Prop. 46' campaign
 - Proposition 47: The Safe Neighborhoods and Schools Act* Page 34
 - Elizabeth Siggins, 'Yes on Prop. 47' campaign
 - Cory Salzillo, Legislative Director, CA State Sheriffs Assoc., 'No on Prop. 47'
5. Approval of CSAC & CSAC Finance Corp. Trademark License Agreement, Organizational Update, and Finance Corp. Report Page 52
 - Supervisor Vito Chiesa, CSAC 1st Vice President
 - Matt Cate, CSAC Executive Director
 - Nancy Parrish, CSAC Finance Corp. Executive Director

11:45am - **INFORMATION ITEM**

6. Realignment Allocation Committee (RAC) Report Page 62
 - David Twa, CAOAC President
 - Elizabeth Howard Espinosa, CSAC staff

12:00pm - **LUNCH**

1:00pm - **INFORMATION ITEMS (cont.)**

7. **Legislative Update**

Page 63

- DeAnn Baker & CSAC Advocacy staff

8. ***The following reports are contained in the briefing materials for your information, but no presentation is planned:***

Page 71

- ❖ CSAC Institute for Excellence in County Govt.
- ❖ Institute for Local Government (ILG)
- ❖ Litigation Coordination Program

9. **Other Items**

1:30pm - **ADJOURN**

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Board of Directors

2014

<u>Section</u>	<u>County</u>	<u>Director</u>
U	Alameda County	Keith Carson
R	Alpine County	Terry Woodrow
R	Amador County	Louis Boitano
S	Butte County	Maureen Kirk
R	Calaveras County	Merita Callaway
R	Colusa County	Kim Dolbow Vann
U	Contra Costa County	Federal Glover
R	Del Norte County	Michael Sullivan
R	El Dorado County	Norma Santiago
S	Fresno County	Henry Perea
R	Glenn County	John Viegas
R	Humboldt County	Virginia Bass
S	Imperial County	Ryan Kelley
R	Inyo County	Jeff Griffiths
S	Kern County	Leticia Perez
R	Kings County	Doug Verboon
R	Lake County	Anthony Farrington
R	Lassen County	Jim Chapman
U	Los Angeles County	Don Knabe
R	Madera County	Max Rodriguez
S	Marin County	Susan Adams
R	Mariposa County	John Carrier
R	Mendocino County	Carre Brown
S	Merced County	Hubert "Hub" Walsh
R	Modoc County	Jim Wills
R	Mono County	Larry Johnston
S	Monterey County	Fernando Armenta
S	Napa County	Brad Wagenknecht
R	Nevada County	Ed Scofield
U	Orange County	John Moorlach
S	Placer County	Jim Holmes
R	Plumas County	Jon Kennedy
U	Riverside County	John Tavaglione

U	Sacramento County	Susan Peters
R	San Benito County	Margie Barrios
U	San Bernardino County	Josie Gonzales
U	San Diego County	Greg Cox
U	San Francisco City & County	Eric Mar
S	San Joaquin County	Bob Elliott
S	San Luis Obispo County	Bruce Gibson
U	San Mateo County	Carole Groom
S	Santa Barbara County	Doreen Farr
U	Santa Clara County	Ken Yeager
S	Santa Cruz County	Bruce McPherson
S	Shasta County	Leonard Moty
R	Sierra County	Lee Adams
R	Siskiyou County	Ed Valenzuela
S	Solano County	Linda Seifert
S	Sonoma County	Efren Carrillo
S	Stanislaus County	Vito Chiesa
R	Sutter County	Larry Munger
R	Tehama County	Robert Williams
R	Trinity County	Judy Pflueger
S	Tulare County	Steve Worthley
R	Tuolumne County	Evan Royce
U	Ventura County	Kathy Long
S	Yolo County	Matt Rexroad
R	Yuba County	Roger Abe

President: John Gioia, Contra Costa
 First Vice President: Vito Chiesa, Stanislaus
 Second Vice President: Richard Forster, Amador
 Immed. Past President: David Finigan, Del Norte

SECTION: U=Urban S=Suburban R=Rural

CALIFORNIA STATE ASSOCIATION OF COUNTIES
 BOARD OF DIRECTORS
 May 15, 2014
 CSAC Conference Center, Sacramento

M I N U T E S

Presiding: David Finigan, President

1. ROLL CALL

Alameda	Keith Carson	Placer	Jim Holmes
Alpine	Terry Woodrow	Plumas	Lori Simpson
Amador	Louis Boitano	Riverside	absent
Butte	Bill Connelly	Sacramento	Phil Serna
Calaveras	absent	San Benito	Margie Barrios
Colusa	Kim Vann	San Bernardino	James Ramos
Contra Costa	John Gioia	San Diego	Greg Cox
Del Norte	Finigan/Sullivan	San Francisco	absent
Fresno	absent	San Joaquin	Bob Elliott
Glenn	John Viegas	San Luis Obispo	Bruce Gibson
Humboldt	Mark Lovelace	San Mateo	absent
Imperial	absent	Santa Barbara	Doreen Farr
Inyo	Jeff Griffiths	Santa Clara	Ken Yeager
Kern	Leticia Perez	Santa Cruz	Bruce McPherson
Kings	absent	Shasta	Leonard Moty
Lake	absent	Sierra	Lee Adams
Lassen	absent	Siskiyou	Ed Valenzuela
Los Angeles	absent	Solano	Linda Seifert
Madera	absent	Sonoma	Efren Carrillo
Marin	Susan Adams	Stanislaus	Vito Chiesa
Mariposa	John Carrier (via audio)	Sutter	absent
Mendocino	Dan Gjerde	Tehama	Robert Williams
Merced	Hub Walsh (via audio)	Trinity	Judy Pflueger
Modoc	Jim Wills	Tulare	Steve Worthley
Mono	Larry Johnston	Tuolumne	Evan Royce
Monterey	absent	Ventura	Kathy Long
Napa	Brad Wagenknecht	Yolo	Matt Rexroad
Nevada	Ed Scofield	Yuba	Andy Vasquez
Orange	John Moorlach	Advisors:	David Twa & James Fincher

The presence of a quorum was noted.

2. APPROVAL OF MINUTES

The minutes of February 20, 2014 were approved as previously mailed.

3. MARTY DETTELBACH, COAST2COAST

Marty Dettelbach, Chief Marketing Officer for Coast2Coast Rx, addressed the Board regarding benefits of the discount prescription drug program that his company offers to counties. Coast2Coast is a CSAC Corporate Premier partner.

4. GOVERNOR'S MAY REVISION OF THE 2014-15 STATE BUDGET

Michael Cohen, Director of the State Department of Finance, presented highlights of the Governor's May Revise. He noted that there are three unanticipated areas of cost pressures that affect the May Revise: 1) increases in Medi-Cal costs associated with the expansion under the Affordable Care Act; 2) increased costs of drought management; and 3) additional costs associated with CalPERS and CalSTRS pension obligations. Cohen announced that the Governor's Rainy Day Fund proposal was sent to the November ballot today. He indicated that the Governor is committed to paying off the "Wall of Debt" by 2017-18, including an additional \$100 million to repay a portion of existing mandate reimbursement claims that were owed to local governments prior to 2004. Cohen also noted that the May Revise contains funds to stabilize the court system. Details on all provisions related to counties are contained in the CSAC Budget Action Bulletin which was distributed to Board members.

5. CSAC REPORT ON GOVERNOR'S MAY REVISION

Staff reported that the CSAC Officers recently met with the Governor and his principal policy and fiscal staff to discuss specific budget requests which include additional funding for public safety realignment and related services as well as an accelerated repayment of mandates. CSAC Board members were encouraged to contact their legislators to voice support for CSAC's state budget priorities.

6. CSAC FINANCE CORPORATION REPORT

Nancy Parrish, Executive Director of the CSAC Finance Corporation, provided an update on recent Finance Corp. activities. The CalTRUST program achieved its goal of hitting \$2 billion in assets. The onsite employee medical clinic program that was launched late last fall has been successful in a number of counties and a clinic in Kings County is scheduled to open in August. The US Communities Purchasing Program usage grew 20% among California counties in 2013.

7. INSTITUTE FOR LOCAL GOVERNMENT (ILG) UPDATE

Supervisor Greg Cox, ILG President, introduced the new Executive Director of ILG. His name is Martin Gonzalez. He replaces JoAnne Speers who retired last month to pursue a teaching career at the University of San Francisco. Cox noted that ILG was formed in 1955 and CSAC became a formal partner in 2004. In addition to publishing books and reports on issues of interest to local governments, ILG provides ethics training to county supervisors during CSAC conferences.

8. CSAC POLICY COMMITTEE REPORTS

Housing, Land Use & Transportation. Supervisor Phil Serna, Chair of the CSAC Housing, Land Use & Transportation policy committee, provided a report from the committee meeting held this morning. The committee heard a number of presentations including a report from Business, Consumer Services and Housing Agency Secretary Anna Caballero regarding statewide housing challenges. Representatives from the Governor's Office of Planning and Research and the Strategic Growth Council reported on Proposition 84 planning grants, SB 375, and updating the CEQA guidelines. In addition, the committee would like to host a workshop during this year's CSAC Annual Conference regarding options for a "Vehicle Miles Traveled" fee, in light of legislative activities and growing interest in a vehicle miles traveled fee to replace the gas tax. No action items were brought forward for Board of Directors' consideration.

Health & Human Services. Supervisor Kathy Long, Chair of the CSAC Health & Human Services policy committee, presented the report from this morning's committee meeting. The committee received a report on the Medi-Cal Drug Waiver from the CA Department of Health Services and a representative

from the Western Center on Law and Poverty outlined a report on childhood poverty. It was noted that California has the highest childhood poverty rate in the U.S. Supervisor Dave Roberts spoke to the committee about Alzheimer's research. No action items were brought forward for Board consideration.

Government Finance & Operations. Supervisor Bruce Gibson, Chair of the CSAC Government Finance & Operations policy committee, presented the report from this morning's meeting. The committee received reports on Infrastructure Finance Districts, Election Technology, Mandates in the Budget, and a presentation by CalPERS on Pensionable Compensation. No action items were brought forward for Board consideration.

Agriculture & Natural Resources. Supervisor Linda Seifert, Chair of the CSAC Agriculture & Natural Resources policy committee, presented the report from this morning's meeting. The primary focus of the meeting was to review two legislative proposals related to groundwater management. One proposal was developed by the California Water Foundation and the other by the Association of California Water Agencies (ACWA). Both proposals recommend stronger integration of groundwater considerations into the local planning and land use decision-making process. The Governor is expected to weigh in next week on his position on water policy. In addition, Supervisor Salud Carbajal presented a report on the President's Task Force on Climate Change, CSAC staff reported on a number of legislative bills, and a representative from the California Product Stewardship Council discussed extended producer responsibility related to pharmaceuticals. No action items were brought forward for Board consideration.

Administration of Justice. Supervisor John Viegas, Vice-Chair of the CSAC Administration of Justice policy committee, presented the report from this morning's meeting. The committee received a legislative update, an update on the Victim Compensation Program, a report on health care in the criminal justice system and a California county project update from the Pew Results First Initiative. No action items were brought forward for Board consideration.

9. PROPOSED CSAC BUDGET FOR FY 2014-15

Supervisor Vann, CSAC Treasurer, outlined revenues and expenses included in the draft CSAC Budget for FY 2014-15, as contained in the briefing materials. Revenue highlights include: additional \$100,000 in Corporate Associates program; additional \$18,000 in expansion of CSAC Institute; and \$45,000 increase in Annual Meeting revenue due to venue. Expense highlights include: \$250,000 in Ransohoff Building tenant improvements; \$170,000 reduction in Annual Meeting expenses; addition of videographer position; no staff salary increases; \$50,000 reduction in support of local government educational grants; and \$15,000 reduction in legislative bill service.

It was noted that the Ransohoff Building tenant improvements are expected to be much less than what is projected in the budget. Therefore, CSAC can increase the amount of contributions to the Institute for Local Government (ILG) and CCS Partnership.

Motion and second to adopt the CSAC Budget for FY 2014-15, as modified to increase contributions to ILG and CCS. Motion carried unanimously.

10. PROPOSED LITIGATION COORDINATION BUDGET FOR FY 2014-15

Jennifer Henning, Executive Director of the County Counsels Association, presented the proposed CSAC Litigation Coordination Program budget for FY 2014-15, as contained in the briefing materials. She noted that the proposed budget contains a 9.5% increase to cover costs associated with a new part-time attorney, increased health insurance and retirement costs, and a 2% salary increase. The CSAC Executive Committee previously considered the proposed budget and recommended adoption by the Board of Directors.

Motion and second to adopt the proposed Litigation Coordination Program budget for FY 2014-15 as presented. Motion carried unanimously.

11. REALIGNMENT ALLOCATION COMMITTEE (RAC) UPDATE

David Twa, CAOAC President, presented an update on recent work of the Realignment Allocation Committee (RAC). The committee has been meeting monthly to continue its deliberations on developing an AB 109 distribution formula that would be effective beginning in 2014-15. It was reported that the programmatic funding base will be 7% less in 2014-15 than in the current year, based on the state's assumption that those exiting state prison onto a county probation caseload would decline as counties house more felons locally. CSAC is pursuing advocacy strategies to secure additional funding to mitigate the drop in allocation.

12. CSAC CORPORATE PARTNERS UPDATE

The CSAC Corporate Partnership program currently has 54 members. Revenues are up \$266,000 over last year. A mini-summit was held recently in Tehama County to bring together Northern California county officials and some corporate partners to discuss issues such as water, public safety, and business solutions for county governance. The next mini-summit will be held on June 19 in Fresno County.

13. INFORMATION ITEMS

Reports on the CSAC Litigation Program and the CSAC Institute for Excellence in County Government were contained in the briefing materials, but no presentation was made.

Two new CSAC staff members were introduced – Jenai Wyatt, Realignment Training and Conference Center Coordinator, and Michelle Gibbons, Health & Human Services Analyst.

The CSAC Women's Leadership Network held its first meeting this morning. It was well attended and included a presentation by Assembly Speaker Toni Atkins.

Meeting adjourned.

CSAC Board of Directors Report – 9.4.14

1. **Partnership Program Update:** We now are at 60 partners (from 34 in 2013). We are communicating with our partners on a regular basis through one-on-one meetings, phone conversations, a monthly partner Enews, and by adding new environments.
 - 20 Premier Partners (New 2014: Dell, Vanir, HP, Microsoft, Ascendian Healthcare Consulting, Pay Per Cloud, Hero Program)
 - 6 Executive Partners (New 2014 : United Health/Optum, Recology, Sierra, Carton Council)
 - 34 Associate Partners (New 2014: CGL Companies, ecoATM, Enterprise, Psynergy Programs, Point & Pay, Sentinel Offender Services, Unisys, Johnson & Johnson, Sierra West Group, Hospital Council of Northern & Central California, OPEX Corporation, and Union Supply)
 - New business for 2014: \$305,000 (in addition to partner renewals from 2013)

2. **Regional Mini-Summits:** We've added three mini-summits to our calendar in hopes of creating other helpful environments to listen and learn from our county officials, CSAC staff and our corporate partners.
 - Mini-Summit Northern California Counties (Tehama County) - May 1 CONCLUDED
 - i. We had over 40 in attendance from 10 Northern Counties with great conversation and feedback. We also had 8 partners in attendance, 2 of whom presented.
 - Mini-Summit Central California (Fresno County) - June 19 CONCLUDED
 - i. We had over 30 in attendance from 9 Central Counties. We also had 6 partners in attendance, with presentations from Vanir Construction Management and Coast2Coast Rx Card.
 - Mini-Summit Central Bay Counties (San Francisco County) – October 2 SCHEDULED
 - i. Please put this event on your calendar and join us for a new CSAC tradition. See attached agenda.

3. **PRE WIR SUMMIT Update (King County, WA) – May 17-20:** With the help of Tom Sweet, and NACo, we completed another great PRE event.
 - 30 in attendance from all over the western United States, and 9 partners.
 - Raised over \$5,000 dollars for Vision House, a King County non-profit helping displaced mothers and their children.
 - Included a full day of presentations from a number of County officials, partners and special guests.

Respectfully submitted,

Jim Manker

CSAC Director of Corporate Relations



miniSUMMIT

collaborate | connect | advocate

Bay Area Counties – October 2, 2014

9:30-9:40 Welcome and kick off with Matt Cate, Executive Director, CSAC

9:40-10:35 Transforming Healthcare

Kelly Brooks, CSAC Senior Legislative Representative of Health & Human Services

Break

10:45-11:40 Healthcare Forces Facing County Leadership

Jef Williams and Shawn McKenzie, Ascendian Healthcare Consulting

11:45-12:15 Lunch

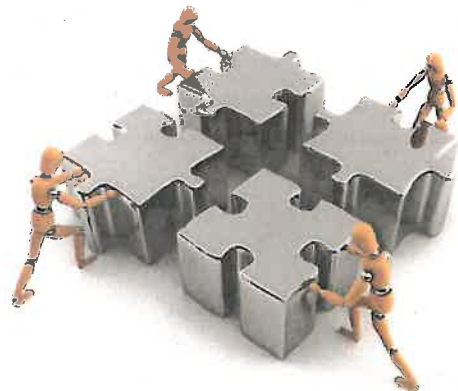
12:20-1:15 Cap & Trade: Investing in Sustainable Counties

Kiana Buss, CSAC Legislative Representative, Housing, Land Use & Transportation and Cara Martinson, CSAC Associate Legislative Representative of Agriculture & Natural Resources

Break

**1:25-2:20 There are Reporters Downstairs...and they have cameras.
Understanding How to Handle Sensitive Matters**

Mike Moye, Partner and Chair of Hanson Bridgett's Labor and Employment Practice Group



Premier Partners (as of August 22, 2014)**1. Alkermes**

Pauline Whelan, Associate Director, State
Government Relations
4644 Coldwater Canyon Avenue # 102
Studio City, California 91604
(323) 422-2573

Pauline.Whelan@Alkermes.com

www.alkermes.com

www.Vivitrol.com

2. Ascendian Healthcare Consulting

Jef S. Williams
Chief Operating Officer
2424 Professional Drive
Roseville, CA 95661
(916) 899-8894

jwilliams@ascendian.com

www.ascendian.com

**3. California Statewide Communities
Development Authority (CSCDA)**

Mike LaPierre, Program Manager
2999 Oak Road, Suite 710
Walnut Creek, CA 94597
(925) 933-9229 x212

mlapierre@cacommunities.org

www.cacommunities.org

4. California Health & Wellness

Wade Rakes
Vice President, Business Development
1740 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833
(314) 341-3885

wrakes@centene.com

www.cahealthwellness.com

5. Coast2Coast Rx

Marty Dettelbach, Chief Marketing Officer
101 Finnway Lane
Cary, NC 27519
(919) 465-0097

marty@c2crx.com

www.coast2coastrx.com

6. Dell | Enterprise Solutions Group

Brian D. Hicks, Regional Sales Director
5450 Great America
San Jose Ca 95054
(760) 208-9454

Brian_hicks@dell.com

www.dell.com/networking

7. DLR Group

Dan Sandall, Business Development
1050 20th Street, Suite 250
Sacramento, CA 95811
(310) 804-7997

dsandall@dlrgroup.com

www.dlrgroup.com

8. Dominion Voting Systems

Steve Bennett, Regional Sales Manager
1201 18th Street, Suite 210
Denver, CO 80202
(909) 362-1715

steven.bennett@dominionvoting.com

www.dominionvoting.com

9. The Geo Group

Kathy Prizmich, Business Development Director
PO Box 980153
West Sacramento, CA 95798
(916) 225-7321

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www.geogroup.com

10. Hanson Bridgett LLP

Paul Mello, Partner
425 Market Street, 26th Floor
San Francisco, CA 94105
(925) 746-8480

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www.hansonbridgett.com

11. Hero Program

Mark Rodgers, Vice President Government
Relations
15073 Avenue of Science, Suite 200
San Diego, CA 92128
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www.heroprogram.com

12. HP

Stephen McHugh, Director of Strategy and
Portfolio Management
5400 Legacy Drive, H1-3F-66
Plano, TX 75024
(908) 420-7343
Stephen.mchugh@hp.com
www.hp.com

13. Kaiser Permanente

Kirk Kleinschmidt, Director, Government
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1800 Harrison Street, 25th Floor
Oakland, CA 94612
(510) 987-1247
kirk.p.kleinschmidt@kp.org
www.kp.org

14. Microsoft Corporation

Jonathan Noble, Government Affairs
1085 La Avenida
Mountain View, CA 94043
(408) 206-9333
jnoble@microsoft.com
www.microsoft.com/government

15. Nationwide Retirement Solutions

Rob Bilo, Regional Vice President
4962 Robert J Mathews Parkway, Suite 100
El Dorado Hills, CA 95762
(916) 939-2127
bilor@nationwide.com
www.nrsforu.com

16. Pacific Gas & Electric Company

Joe Wilson, Local Government Relations
350 Salem St.
Chico CA 95928
(530) 896-4289
J8WE@pge.com
www.pge.com

17. Pay Per Cloud

Marc Moring II, Senior Account Manager
3840 Rosin Court, Suite 250
Sacramento, CA 95834
(916) 792-6989
MarcM@PayPerCloud.com
www.PayPerCloud.com

18. Southern California Edison

Charley Wilson, Senior Policy Manager
2244 Walnut Grove Avenue
Rosemead, CA 91770
(949) 632-2074
Charles.Wilson@SCE.com
www.sce.com

19. U.S. Communities

Bryan Shumey, Program Manager
2999 Oak Road, Suite 710
Walnut Creek, CA 94597
(949) 769-4184
bshumey@uscommunities.org
www.uscommunities.org

20. Vanir Construction Management, Inc.

Bob Fletcher, Associate Director of Marketing
4540 Duckhorn Drive, Suite 300
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bob.fletcher@vanir.com
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Executive Partners (as of August 22, 2014)

- 1. Carton Council**
Steve Montle, Consultant
416 Longshore Drive
Ann Arbor, MI 48105
(810) 836.3285
smontle@recycle.com
www.cartonopportunities.org
- 2. Optum**
Margaret Kelly National VP, Government
Education and Labor
505 N Brand Blvd Ste 1200
Glendale, CA 91203
(818) 484-9188
Margaret.kelly@optum.com
www.optum.com
- 3. Recology**
Eric Potashner, Senior Director Strategic
Affairs
50 California Street, 24th Floor
San Francisco, CA 94111-9796
(415) 624-9885
epotashner@recology.com
www.recology.com
- 4. Santa Ynez Band of Chumash Indians**
Sam Cohen, Government and Legal
Specialist
P.O. Box 517
Santa Ynez, CA 93460
(805) 245-9083
Scohen@santaynezchumash.org
www.santaynezchumash.org
- 5. Sierra**
Jack Ingram, Senior Account Executive
9950 Horn Road
Sacramento, CA 95827
(916) 308-6331
jack@sierrabg.com
www.sierrabg.com
- 6. UnitedHealthcare**
United Healthcare – Anthony Campbell,
MHA, Sales Vice President – Public Sector
425 Market St., 14th Floor
San Francisco, CA 94105
(415) 778-3845
anthony_d_campbell@uhc.com
www.uhc.com
- 7. Xerox Corporation**
Michelle Yoshino, General Manager
1851 East First Street
Santa Ana, CA 92705
(714) 262-8854
michelle.yoshino@xerox.com
www.consulting.xerox.com

Associate Partners (as of August 22, 2014)**1. AT&T**

Mike Silacci, Executive Director, External Affairs
1150 South Olive Street, Suite 2803
Los Angeles, CA 90015
(213) 743-7010
ms9749@att.com
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2. BI Incorporated

Matt Swando, National RSS Sales Manager
6400 Lookout Road
Boulder, CO 80301
(303) 218-1000
Matt.Swando@bi.com
www.bi.com

3. CGL Companies

Matthew J. Skarr, Vice President
2485 Natomas Park Drive, Suite 300
Sacramento, CA 95833
(630) 728-1609
mnskarr@cglcompanies.com
www.cglcompanies.com

4. Chevron Energy Solutions

Ashu Jain, Sr. Business Development Manager
345 California Street-18th Floor
San Francisco, CA 94104
(714) 473-7837
AJain@chevron.com
www.chevronenergy.com

5. Comcast

Sue Vaccaro, Senior Director of Government Affairs - California Region
3055 Comcast Place
Livermore, CA 94551
(925) 206-9109
Sue_Vaccaro@cable.comcast.com

6. Corrections Corporation of America

Brad Wiggins, Senior Director, Site Acquisition
10 Burton Hills Boulevard
Nashville, TN 37215
(615) 263-3093
brad.wiggins@correctionscorp.com

7. CorrectCare Integrated Health

Jeff Lytle, Business Development Executive
600 N. Market Blvd., Ste 4
Sacramento, CA 95834
(859) 225-7999
jlytle@correctcare.com
www.correctcare.com

8. CSAC Excess Insurance Authority

Gina Dean, Chief Operating Officer
75 Iron Point Circle, Suite 200
Folsom CA 95630
(916) 850-7300
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9. Eli Lilly and Company

Dana Garel
State Alliance Manager - Western Region
1890 Avenida Martina
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(916) 207-9085
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10. Employee Relations Inc.

Bob Fisher, Vice President
431 North Brand Boulevard, Suite 308
Glendale, CA 91203
(818) 593-5555 x101
bfisher@erelations.com
www.erelations.com

11. ecoATM, Inc.

Ryan Kuder, Vice President of Marketing and Communications
10515 Vista Sorrento Parkway
San Diego, CA 92121
rkuder@ecoatm.com
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12. Enterprise Holdings

Lisa Holmes, State of CA Contract Manager
199 N. Sunrise Ave.
Roseville, CA 95747
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13. HdL Companies

Andrew Nickerson, President
1340 Valley Vista Drive
Diamond Bar, CA 91765
(909) 861-4335
anickerson@hdlcompanies.com
www.hdlcompanies.com

14. HDR

Louise McGinnis, Western Region Director
560 Mission Street, Suite 900
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www.hdrinc.com

15. Hospital Council of Northern & Central California

Lynne Ashbeck, Regional Vice President
1625 E. Shaw Avenue, Suite 139
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<http://www.hospitalcouncil.net>

16. Hospital Association of San Diego and Imperial Counties

Judith Yates, Vice-President & COO
5575 Ruffin Road, Suite 225
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www.hasdic.org

17. Hubbert Systems Consulting

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18. Johnson & Johnson

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www.inj.com

19. Kitchell

Veronica Jacobson, Marketing Manager
2750 Gateway Oaks Dr., Suite 300
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vjacobson@kitchell.com
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20. Liebert Cassidy Whitmore

Jennifer Johnson, Business Development Manager
6033 W. Century Boulevard, 5th Floor
Los Angeles, CA 90045
(310) 981-2057
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www.lcwlegal.com

21. OPEX Corporation

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August 21, 2014

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To: CSAC Board of Directors
From: Supervisor Linda Seifert, Chair, Agriculture, Environment & Natural Resources Committee
Supervisor Judy Morris, Vice-Chair
Re: **Proposition 1: The Water Quality, Supply, and Infrastructure Improvement Act of 2014 – ACTION ITEM**

Recommendation: The CSAC Agriculture, Environment and Natural Resources (AENR) Policy Committee is taking this measure up for consideration and a recommendation to the CSAC Board of Directors at their September 3, 2014 meeting. The staff recommendation is that the Committee adopt a SUPPORT position on Proposition 1, The Water Quality, Supply, and Infrastructure Improvement Act of 2014.

Background. In the past 14 years, the California electorate has approved Propositions 13, 50, 84 and 1E that combined provided more than \$14 billion for water and flood related projects and programs in California:

- Proposition 13 (2000/legislatively referred bond act) authorized a **\$1.97 billion** in general obligation bonds to "improve the safety, quality, and reliability of water supplies, as well as to improve flood protection."
- Proposition 50 (2002/Initiative statute) approved issuing **\$3.4 billion** in general obligation bonds for a variety of water projects.
- Proposition 84 (2006/Initiative statute) authorized the State to sell **\$5.4 billion** in general obligation bonds for water and flood control projects.
- Proposition 1E (2006/legislatively referred bond act) authorized the State to sell **\$4.09 billion** in general obligation bonds for various flood management programs.

Proposition 1 asks voters to approve \$7.12 billion in new borrowing and to redirect \$425 million from past ballot propositions. It replaces Proposition 43, the \$11.1 billion bond that was negotiated in 2009 but was considered too expensive and too burdened with earmarks to pass. That water bond was twice delayed. Originally certified to be on the state's 2010 ballot, it was removed and placed on the 2012 ballot, and then it was postponed again to 2014. For specific details on the bond funding categories, see the attached chart.

Support/Opposition. The named proponents of Proposition 1 are the Association of California Water Agencies (ACWA), the California Alliance for Jobs, and Western Growers.

Supporters state that, "California is in a severe drought. Reservoirs are low, groundwater basins and ecosystems are stressed, water quality is impaired, and wildfire risks are extremely high. Three consecutive dry years have pushed California's water system to its limits and exposed

vulnerabilities that must be addressed now if we are to avoid even more dire challenges in the coming years.”

To date, there are no named opponents to this measure.

Fiscal Impacts. See Fiscal Analysis: State Debt Memo included in packet.

Policy Considerations. CSAC has reiterated its position on water related issues over the years through various policy statements, including, but not limited to support for statutory protection of counties of origin and watershed areas, support for existing water rights, the need for new and expanded water resources, and the need for local water conservation efforts. In addition, since 2000, we have supported three of the four water bonds that were placed before the voters – Propositions 13, 1E and 84. In 2002, we opposed Proposition 50 based on concerns expressed by our Board of Directors over insufficient funding for the development of new water supplies, excessive funding for land acquisitions and the consequential impact on local property tax revenues.

No less than a dozen water bond measures were introduced by the Legislature this year as Members continued to negotiate the specifics of a revamped proposal. CSAC relied on existing policy statements and past actions to express support for the inclusion of specific elements in a revised water bond measure. In addition, the CSAC Executive Committee adopted the following water policy statements to provide guidance to the CSAC AENR Policy Committee and the CSAC Board of Directors when approving a CSAC position on the ballot measure.

CSAC believes that a 2014 Water Bond include the following elements:

- Continuous appropriation of funding for surface and groundwater storage projects.
- Funding for groundwater clean-up and groundwater management planning.
- Funding for watershed management activities, including forest management and fuel treatment projects that reduce wildfire risks and promote watershed health.
- Funding and assistance to help disadvantaged and small communities build and upgrade wastewater treatment systems and finance urgent actions to provide safe drinking water.
- Funding for projects and programs needed to maintain the character and vitality of communities within the Delta. Examples would include grants or low interest loans to growers to increase efficiencies and output; funding for county marketing strategies; funding to help implement and maintain an invasive species control program; levee improvements, environmental restoration and water supply and quality improvements.
- Funding for Integrated Regional Water Management programs, local stormwater management and flood protection improvements.

- Protections for area of origin and other water rights to ensure that these existing rights are not diminished, impaired, or otherwise affected by the provisions of the bond.

County Impacts. Proposition 1 achieves the goals of the aforementioned CSAC policy statements. The measure provides funding for all the noted elements, including a continuous appropriation for water storage and funding for recycling projects, water quality improvements and water-related environmental protections. In addition, Proposition 1 provides funding for groundwater management activities – a subject CSAC has been working on extensively this year. The bond also includes funds to the Department of Fish and Wildlife for water quality, ecosystem restoration, and fish protection facilities that benefit the Delta while remaining neutral on the topic of the Bay Delta Conservation Plan, commonly referred to as the Delta tunnels.

Action Requested. Staff is recommending that the CSAC AENR Policy Committee recommend a support position to the CSAC Board of Directors.

Staff Contact. Please contact Karen Keene (kkeene@counties.org or (916)327-7500 x511) or Cara Martinson (cmartinson@counties.org or (916) 327-7500 x504) for additional information.

Proposition 1 – Water Quality, Supply, and Infrastructure Improvement Act of 2014

CATEGORY	ACTIVITY	AMOUNT
Storage	Continuous appropriation for water storage projects	
	TOTAL	\$2.7B
Regional Water Reliability		
	Integrated regional water management	\$510M
	Stormwater capture	\$200M
	Water conservation	\$100M
	TOTAL	\$810M
Safe Drinking Water		
	Small Community Wastewater Program	\$260M
	Drinking Water Public Infrastructure	\$260M
	TOTAL	\$520M
Water Recycling		
	Statewide water recycling projects and activities	
	TOTAL	\$725M
Groundwater Sustainability		
	Prevent and reduce groundwater contaminants	\$800M
	Provide sustainable groundwater management planning and implementation	\$100M
	TOTAL	\$900M
Watershed Protection, Watershed Ecosystem Restoration, State Settlements		
	Conservancies	\$327.5M
	Wildlife Conservation Board (restoration of flows)	\$200M
	Depart of Fish & Wildlife (out of delta, no mitigation on BDCP)	\$285M
	Depart of Fish and Wildlife (in delta with constraints)	\$87.5M
	State settlement obligations including CVPIA	\$475M
	Rivers and Creeks	\$120M
	TOTAL	\$1.495B
Statewide Flood Management		
	Statewide flood management projects and activities	\$100M
	For Delta levee subvention programs and delta flood protection projects	\$295M
	TOTAL	\$395M
	TOTAL NEW DEBT	\$7.120 Billion
	OTHER BOND FUNDS	\$425 Million
	TOTAL FUNDS	\$7.545 Billion

General Provisions

- Funding eligibility requires urban or agricultural water management plans and compliance with 2009 Water Conservation Act.
- Bay Delta Conservation Plan neutral.
- Protects existing water rights and reaffirms area of origin protections.
- Assumes repurposing of \$105M from Prop. 84, \$95M of Prop 50, \$81M from Prop 13, \$25.5M from Prop 204, \$13.5M from Prop 44, \$5M from Prop 82, \$100M from Prop. IE and \$7.120B on new debt.



August 21, 2014

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To: CSAC Board of Directors
From: Jean Kinney Hurst, CSAC Legislative Representative
Re: **Fiscal Analysis: State Debt – INFORMATIONAL ITEM**

As the CSAC Board of Directors considers a position on Proposition 1, the state water bond, staff has prepared this memo to provide additional information on the state's current debt portfolio and practices.

California is one of the largest issuers in the \$3 trillion U.S. municipal bond market. The state largely relies on borrowing to finance public infrastructure projects such as roads, educational facilities, prisons, parks, water projects, and office buildings. Bonds are generally preferable for these types of projects for two reasons: first, because infrastructure typically provides services over many years, it makes sense to have both current and future taxpayers help pay for them; and second, in a state as large as California, these types of projects are difficult to pay for all at once (i.e. "pay as you go," or essentially saving up money for a project).

Types of Municipal Debt

General Obligation Bonds are those bonds that are backed by the "full faith and credit" of the issuer with no specified source of funding for payment; the issuer can make its debt payments from taxes, fees, and other sources of revenue or raise a new source of revenue to meet its payment obligations. General obligation bonds are generally viewed as very safe investments and defaults are rare. In California, state general obligation bonds must be approved by a 2/3 vote of the Legislature, signed by the Governor, and achieve a simple majority voter approval.

Revenue Bonds are bonds that are backed by a specific source of revenue generated by the specific project financed by the bonds. Revenue bonds are higher risk than general obligation bonds and therefore generate higher yield for investors. In California, state revenue bonds must be approved by a simple majority vote of the Legislature and signed by the Governor.

Debt-Service Ratio (DSR)

One important measure of the state's debt situation is its debt-service ratio (DSR). The DSR indicates the portion of the state's annual General Fund revenues that must be set aside for debt-service payments on bonds and, therefore, are unavailable for other state programs. The current DSR is about 5 percent of annual General Fund revenues. Without a new water bond, the LAO is projecting that the state's debt service on already authorized bonds will peak at under 6 percent of General Fund revenues in 2018-19 and decline thereafter. Considering the pending water bond (Proposition 43), the LAO projects that the DSR will increase by less than a half a percentage point. Since

Proposition 1 would authorize a significantly smaller water bond, we assume that the impact to the DSR would be much less than a half a percentage point.

The 2014-15 State Budget

The 2014-15 state budget plan includes a significant investment in managing the state's debt. Governor Brown's efforts to pay down the now-infamous "Wall of Debt" have resulted in a dramatic change in the state's debt portfolio, particularly with the projected retirement of the Economic Recovery Bonds (ERBs). The ERBs are funded with a dedicated 0.25% of the state sales tax rate; the mechanism known as the Triple Flip offsets a reduction to local agencies' Bradley-Burns sales tax rates. The 2014-15 state budget includes a supplemental payment of about \$1.3 billion to finally pay off the ERBs.

According to the State Treasurer's Office, the state's debt management practices have also improved. The Brown Administration has focused on first spending unused proceeds from prior bond sales to fund infrastructure projects, thereby reducing the need for additional borrowing. The state's general obligation bonds have become more competitive in the market, with higher ratings and reduced interest-rate premiums. At the same time, the state refinanced billions of dollars of bonds at lower interest rates and reduced debt service payments by hundreds of millions of dollars.

A Snapshot of California's Current Debt Service Requirements

	Total Debt		
	Interest	Principal	Total
General Obligation Bonds			
General Fund Non-Self Liquidating			
Fixed Rate	\$61,371,619,142.70	\$72,068,780,000.00	\$133,440,399,142.70
Variable Rate	290,444,664.59	3,421,790,000.00	3,712,234,664.59
Enterprise Fund Self Liquidating			
Fixed Rate	345,136,486.24	669,080,000.00	1,008,216,486.24
Special Revenue Fund Self Liquidating			
Fixed Rate	818,942,175.00	3,306,745,000.00	4,125,687,175.00
Variable Rate	175,014.67	110,370,000.00	110,545,014.67
Revenue Bonds			
General Fund Lease Revenue	6,699,555,261.73	11,266,240,000.00	17,965,795,261.73
General Fund and Lease-Revenue Total	\$69,525,872,744.93	\$90,837,005,000.00	\$160,362,877,744.93

Source: State Treasurer's Office, as of August 2014

In 2013-14, the General Fund's bond repayments totaled over \$5 billion. LAO projects that outstanding bond debt costs will rise, likely peaking at over \$7 billion in 2019-20, as bonds that were previously authorized but not sold are marketed. Note that voters and the Legislature have approved about \$29 billion in general obligation and lease revenue bonds that have not yet been sold.

California's Current Credit Ratings

Type of Debt	Fitch Ratings	Moody's Investors Service	Standard and Poor's
General Obligation	A	Aa3	A
Lease Revenue Bonds	A-	A1	A-
Economic Recovery Bonds	AA	Aa2	AA

Source: State Treasurer's Office

Staff Contact: For additional information, please contact Jean Kinney Hurst at jhurst@counties.org or 916.327.7500 ext. 515.



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To: CSAC Board of Directors
From: Supervisor Bruce Gibson, Chair, CSAC Government Finance and Operations Policy Committee
Jean Kinney Hurst, CSAC Legislative Representative
Re: **Proposition 2: State reserve policy – ACTION ITEM**

Recommendation: The CSAC Executive Committee recommends a position of “support” on Proposition 2, a measure that amends the California Constitution to change the provisions of the state’s existing budget reserve requirements. The CSAC Government Finance and Operations policy committee approved this recommended position at its meeting on July 23.

Background: Proposition 2 was placed on the ballot by the Legislature upon the unanimous approval of ACA 2X 1 (Perez), a measure that reflected a bipartisan agreement to enact changes to the state’s existing budget reserve requirements. Recall that Governor Jerry Brown proposed strengthening the state’s budget reserve policy as a component of his 2014-15 Proposed Budget. ACA 2X 1 (Proposition 2) replaces ACA 4 (Gatto, 2010), a previously approved constitutional amendment regarding the state’s budget reserve policy. *(Please note that the Executive Committee took a position on this measure as Proposition 44; the Legislature subsequently approved, and the Governor signed, a measure changing the number of ACA 2X 1 to Proposition 2.)*

California currently has two principal General Fund reserve accounts:

Special Fund for Economic Uncertainties. The Constitution directs the Legislature to establish a “prudent” reserve that it deems reasonable and necessary. However, the Constitution does not specify the size of the reserve or the conditions under which funds must be placed in the reserve. This general reserve is about \$449 million in the final 2014-15 state budget.

Budget Stabilization Account (BSA). In addition to the general reserve noted above, voters also approved the establishment of the Budget Stabilization Account with the passage of Proposition 58 in March 2004. The BSA is to receive 3% of estimated annual General Fund revenues until the account balance reached \$8 billion or 5% of General Fund revenues, whichever is greater. During the time that the Economic Recovery Bonds (ERBs) are outstanding, 50% of the annual transfers to the BSA are to be used to pay off those bonds. The BSA is about \$1.6 billion in the final 2014-15 state budget.

There is significant flexibility regarding transfers to the BSA, with the ability to suspend or reduce transfers during a fiscal year with an Executive Order. The state deposited funds to the reserve twice (in 2006-07 and 2007-08) but subsequently used the funds during each of those years. Since then, the state has suspended the transfer of funds to the BSA.

Proposition 2 would make a number of changes to the existing constitutional requirements for a budget reserve, including:

Reserve Fund Deposits. Proposition 2 requires annual deposits to the reserve fund equal to the sum of (a) 1.5% of General Fund revenues and (b) an amount equal to revenues derived from tax liabilities associated with capital gains, if and to the extent that such revenues are in excess of 8% of General Fund revenues. The deposits would start October 1, 2015 and will be made until and unless the account balance reaches an amount equal to 10% of General Fund revenues.

Diversion for Debt Payments. For fiscal years 2015-16 until 2029-30, 50% of the revenues that would otherwise be deposited into the budget reserve must be used to pay for unfunded prior year General Fund obligations, budgetary loans to the General Fund, payable claims for mandates incurred prior to 2004-05, and unfunded liabilities of the state's pension plans (CalPERS and CalSTRS). After this period, up to 50% of revenues that would otherwise be deposited in the reserve fund may be used to pay such specified obligations in lieu of being deposited.

Revenues in Excess Balance Requirement. In the event the reserve fund reaches a balance equal to 10% of General Fund revenues, additional revenues that would otherwise be deposited in the reserve fund may be expended only for infrastructure costs, including deferred maintenance.

Reserve Withdrawals and Deposit Suspensions. If the Governor declares a budget emergency, the Legislature may suspend or reduce required deposits to the reserve fund and return and appropriate funds that have been deposited in the reserve fund. No more than 50% of the reserve fund balance may be withdrawn for appropriation. An emergency is defined as (1) a disaster condition, man-made or natural or (2) a determination by the Governor that estimated resources are inadequate to fund General Fund expenditures over the most recent three prior years, after accounting for cost-of-living adjustments and population growth.

Proposition 98 Reserve. Proposition 2 establishes the Public School System Stabilization Account or "Proposition 98 reserve," funded by a transfer of that portion of revenues derived from tax liabilities associated with capital gains that are in excess of 8% of General Fund revenues and allocable to the Proposition 98 guarantee. Transfers would occur if the state: has met total school funding requirements as increased for enrollment growth and the higher of two cost-of-living factors; has repaid and allocated the current Proposition 98 maintenance factor amount; is in a Proposition 98 Test 1 funding level; the transfer is no more than the difference between the Test 1 and Test 2 levels of funding; is not accruing Proposition 98 maintenance factor; and has not suspended Proposition 98 in the year of the transfer.

Funds are appropriated from the Proposition 98 reserve in circumstances when the amount required to be applied by the state for the support of K-14 education exceeds the allocation of General Fund revenues, allocated property tax revenues, and other available resources. Funds transferred to the Proposition 98 reserve are considered Proposition 98 revenues in the year of the transfer, not in the year in which such funds are appropriated from the reserve.

The LAO analysis of Proposition 2 notes that this measure may lead to smaller reserves in local school districts. This is due to a provision in the education budget trailer bill approved by the Legislature and signed by the Governor that only takes effect if Proposition 2 passes; this provision would set a cap on the maximum amount of reserves a local school district may keep in any year after a transfer is made to the Proposition 98 reserve (the law already requires minimum reserve levels for school districts). The bill, SB 858, was the source of a great deal of controversy at the end of the budget debate, with local school officials voicing strong concerns about the ability to weather economic downturns if the state places limits on their ability to reserve funds. The LAO notes that this law may be changed in the future by the Legislature.

Administrative Provisions. The Administration is required to prepare specific estimates of General Fund proceeds of taxes, tax revenue derived from capital gains, and subsequent follow-up calculations, and schedules relating to debt payments in lieu of deposit into the reserve.

The Administration prepared an estimate of the transfers and debt repayments under the first year of Proposition 2 at the May Revision.

**Calculation of Rainy Day Amounts
At 2014-15 May Revision
(\$ in millions, rounded)**

	2015-16	2016-17	2017-18
Annual 1.5% of General Fund Revenues	\$1,698	\$1,773	\$1,854
Capital Gains Tax Revenue in Excess of 8% of General Fund Taxes (net amount attributable to Prop. 98)	\$174	\$233	\$341
Total Rainy Day Amount	\$1,872	\$2,005	\$2,195
Debt Repayment (50%)	\$936	\$1,003	\$1,097
Deposit to Rainy Day Fund (50%)	\$936	\$1,003	\$1,097

Proposition 2 is supported by Governor Jerry Brown, as well as the four legislative leaders, State Controller John Chiang, the California Democratic Party, and California Forward. The measure is opposed by Educate Our State, a “bipartisan grassroots volunteer nonprofit parent-led organization uniting tens of thousands of Californians committed to improving public education.” In lieu of inviting proponents and opponents to speak to the Board, we have provided the ballot arguments for and against the measure attached to this memo.

Policy Considerations: To the extent that counties’ collective fiscal health is significantly reliant on the fiscal health of the State of California, a properly functioning state reserve policy is an important component of responsible budgeting. Staff notes that the rating agencies Moody’s Investors Service, Standard and Poor’s and Fitch Ratings have responded positively to the passage of the new rainy day fund measure, with Moody’s recently upgrading the state’s credit rating from A1 to Aa3.

The establishment of a state reserve generally comports with CSAC's platform to ensure adequate financing of state-county programs and to ensure prompt payment for mandated obligations.

Action Requested: The CSAC Executive Committee recommends a position of "support" to the CSAC Board of Directors on Proposition 2.

Staff Contact: For additional information, please contact Jean Kinney Hurst at jhurst@counties.org or 916.327.7500 ext. 515.

Prop **2** State Budget. Budget Stabilization Account.
Legislative Constitutional Amendment.

★ Argument in Favor of Proposition 2 ★

VOTE YES ON PROPOSITION 2 TO CREATE A RAINY DAY FUND THAT PROTECTS TAXPAYERS AND SCHOOLS.

Proposition 2 establishes a STRONG RAINY DAY FUND in the State Constitution that will force the Legislature and the Governor to save money when times are good, PAY DOWN DEBTS and PROTECT SCHOOLS from devastating cuts. Both Democrats and Republicans support Proposition 2.

By forcing the state to save money, Proposition 2 WILL REQUIRE POLITICIANS TO LIVE WITHIN THEIR MEANS AND PROTECT AGAINST UNNECESSARY TAX INCREASES. In good times, money will be placed in a constitutionally-protected reserve and used to pay down debt. In bad times, the Rainy Day Fund can be used to protect schools, public safety and other vital services.

California needs Proposition 2 because it prevents the state from spending more than it can afford. Only three years ago, California faced a \$26 billion budget deficit that required the Legislature to make painful cuts and voters to approve temporary tax increases. PROPOSITION 2 WILL MAKE SURE THAT WE DON'T REPEAT THIS CYCLE OF BOOM AND BUST BUDGETING.

VOTING YES ON PROPOSITION 2 WILL:

- Stabilize the state's budget by ensuring temporary revenues are set aside and not committed to ongoing spending we can't afford.

- Accelerate the state's debt payments.
- Create an education reserve to avoid future cuts to schools.

CREDIT RATING AGENCIES AND NEWSPAPERS SUPPORT A STRONG RAINY DAY FUND.

SAN FRANCISCO CHRONICLE: The Rainy Day Fund is the "prudent course."

STANDARD AND POOR'S: The Rainy Day Fund marks "another step in California's ongoing journey toward a more sustainable fiscal structure."

LOS ANGELES TIMES: The Rainy Day Fund "does more to promote a culture of savings in Sacramento."

MOODY'S: The Rainy Day Fund helps the state "cushion its finances from economic downturns."

FRESNO BEE: The Rainy Day Fund will "protect taxpayers against catastrophic budget deficits."

SACRAMENTO BEE: The Rainy Day Fund is "an important step toward fiscal discipline."

VOTE YES ON PROPOSITION 2 AND PROTECT CALIFORNIA'S BALANCED BUDGET!

www.CaliforniaRainyDayFund.com

John A. Pérez, Assembly Speaker Emeritus

Edmund G. Brown Jr., Governor

Allan Zaremberg, President

California Chamber of Commerce

★ Rebuttal to Argument in Favor of Proposition 2 ★

SAVE OUR SCHOOLS!

Vote NO on 2 to PROTECT SCHOOLS AND TAXPAYERS. Democrats and Republicans oppose Proposition 2. Parents, grandparents and students oppose Proposition 2.

Why? A DANGEROUS financial time bomb that hurts schools was inserted into last-minute budget negotiations. What does it do? After even a penny goes into Prop. 2's "school rainy day fund," local school districts will only be allowed to save for—at most—a few weeks of expenses.

Why does it matter if Sacramento determines what districts can save? For the last seven years, Sacramento has delayed billions in payments to schools until after the end of each school year—funds needed to pay teachers, staff, and suppliers. Without locally-controlled reserves, districts would have faced higher borrowing costs and deeper cuts. Depending on Sacramento is a losing proposition for schools.

Get the facts from parents, not politicians, at www.2BadForKids.org.

Standard and Poor's reacted with "neutral to negative credit implications" for California schools if this passes (7/7/2014). Everyone supports a genuine rainy day fund—but ask newspapers and credit agencies if they support the SHELL GAME that Proposition 2 has become.

Sacramento does not have a track record of prioritizing public education, despite the rhetoric.

California is ranked 50th in the U.S. in per pupil spending (*Education Week*, January 2014).

Local communities, NOT Sacramento, know what is best for our children. Be heard. A NO vote on 2 is a vote FOR kids, schools and common sense.

VOTE NO ON 2!

Cushon Bell, Secretary

Educate Our State

Cinnamon O'Neill, Chapter Director

Educate Our State

Kilty Belt-Vahle, Parent Volunteer

Educate Our State

★ Argument Against Proposition 2 ★

Why does a so-called Rainy Day Fund get to soak California schoolchildren?

Parents and taxpayers often ask why California is one of the bottom ten states in school funding year after year—yet our tax rates are among the highest in the nation. Proposition 2 is a perfect example of how we keep “protecting” schoolchildren by putting them last.

Californians enacted Proposition 98 twenty-five years ago as a MINIMUM school-funding guarantee. This “guarantee” was an excuse in 2004 for state politicians to begin grabbing \$5+ billion a year of stable, reliable, local school-allocated property taxes to fund their own deficits and poor financial decisions. The State took the funds, promising that Proposition 98 would pay them back.

Unsurprisingly, this constitutional guarantee to California schoolchildren has not been steadfastly met. In recent bad years, California schools have had to suffer up to \$10 billion in deferred payments of their basic funding—forcing them to borrow, dip into their own local reserves, and cut programs.

And now, under Proposition 2, California schools are supposed to wait in good years as well? What does the “Local Control Funding Formula” mean if we don’t trust local school boards with even their minimum constitutionally guaranteed revenues?

Meanwhile, the small print allows the State Controller to utilize these withheld educational funds to help manage General Fund daily cash flow needs and allows the Legislature, by declaring a budget emergency, to move this money into the General Fund.

But wait, there’s more!

In the waning hours of this year’s budget negotiations, a requirement was added to force school districts to reduce their local reserves whenever *anything* is paid into Proposition 2’s “Public School System Stabilization Account.” In the following year, school districts are allowed only twice the bare minimum of reserves. For most districts, this means forcing them to hold just 6% of annual operating expenses in reserve—just three weeks spending!

For districts across California, local reserves have been all that’s protected children from State-inflicted borrowing costs or program cuts. (The State hasn’t paid schools on time in the past *seven* years! Up to 20% of the money it owed schools was paid after the end of the school year in June 2012.) Built up over decades, these reserves would have to be dumped just because one good capital-gains year moved educational funds away from funding schools and into the State-controlled stabilization account.

Please join us—a bipartisan statewide grassroots volunteer non-profit parent-led organization uniting tens of thousands of Californians committed to improving public education—and say NO to politicians who keep pushing kids to the back of the bus. Visit www.2BadForKids.org and vote NO on 2!

Katherine Welch, Director
Educate Our State

Hope Salzer, Chapter Director
Educate Our State

Jennifer Bestor, Research Director
Educate Our State

★ Rebuttal to Argument Against Proposition 2 ★

Proposition 2 opponents have it wrong; it’s precisely that kind of thinking that led to a \$26 billion budget deficit and devastating cuts to our schools.

The current state budget is the best in years for schools—providing more than \$10 billion in new funding. Proposition 2 PROTECTS SCHOOLS by stabilizing the state budget and preventing future cuts to our classrooms. Without a strong Rainy Day Fund and continued fiscal restraint, the state will face future deficits and could be forced to cut funding for schools, public safety and other critical services. That is why every Democrat and Republican in the Legislature voted to support Proposition 2.

Proposition 2 makes no changes to the funding level required by Proposition 98. In fact, this year’s budget funds

schools under Proposition 98 at the highest level ever, \$60.9 billion. That is \$1,954 more for each student than just three years ago when California faced huge budget deficits. By putting some money away during good times, California can STOP FUTURE CUTS TO SCHOOL FUNDING AND STOP UNNECESSARY TAX INCREASES.

VOTE YES ON PROPOSITION 2 AND PROTECT SCHOOLS AND CALIFORNIA’S BALANCED BUDGET!

Dr. Michael Kirst, President
California State Board of Education



August 21, 2014

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TO: CSAC Board of Directors

FROM: Kelly Brooks-Lindsey, Senior Legislative Representative
Farrah McDaid Ting, Legislative Representative
Faith Conley, Legislative Representative
Michelle Gibbons, Legislative Analyst

Re: **Proposition 46: "The Troy and Alana Pack Patient Safety Act of 2014" regarding MICRA – ACTION ITEM**

Recommended Action: The CSAC Executive Committee recommends that the Board of Directors adopt an OPPOSE position on Proposition 46, The Troy and Alana Pack Patient Safety Act of 2014.

Background: The Medical Injury Compensation Reform Act (MICRA) was developed during a special session of the California Legislature and signed into law by Governor Jerry Brown during his first term in 1975. Brown and lawmakers were responding to rapidly increasing medical malpractice costs that threatened the ability of medical facilities and providers to continue operations in the state. The legislative response provided MICRA medical liability tort reform policy and set the maximum amount that can be paid to plaintiffs for noneconomic damages – commonly referred to as pain and suffering awards – at \$250,000. Currently, injured parties who mount medical malpractice suits may sue for both economic damages – that is, funds to compensate for the loss of income or medical bills – and noneconomic damages, which include pain and suffering. MICRA caps only the noneconomic damages portion of medical malpractice suits. The California Supreme Court upheld MICRA in 1985 (*Lawrence Fein v. Permanente Medical Group*), and the United States Supreme Court subsequently declined to review the case.

MICRA is periodically the focus of state legislation as consumer attorneys and patient protection groups seek to amend MICRA for the purposes of increasing the amount of pain and suffering awards. A legislative compromise on MICRA has been elusive to date, despite Senate President pro Tempore Darrell Steinberg's efforts in recent years to broker a solution. He introduced Senate Bill 1429 earlier this year, but the measure has not yet moved through the policy process, and the Consumer Attorneys of California and Consumer Watchdog have chosen instead to place the issue before California's voters in November with Proposition 46, The Troy and Alana Pack Patient Safety Act of 2014.

Summary: Proposition 46, The Troy and Alana Pack Patient Safety Act of 2014, would enact changes to the MICRA limit on noneconomic medical malpractice awards effective January 1, 2015. Among other things, the measure would:

- Raise the noneconomic damages cap for medical malpractice from \$250,000 to approximately \$1.1 million. (The increase is calculated by retroactively applying the Consumer Price Index (CPI) to the existing \$250,000 cap since it was adopted in 1975. The measure would also increase the potential award amount limits on a prospective basis as measured by the CPI.
- Require hospitals to randomly test physicians for alcohol and drug use and requires physicians to submit to substance use tests within 24 hours after an adverse event. Physicians who fail to comply within 12 hours of learning of an adverse event may have their state medical licenses suspended.
- Require medical professionals to report suspected drug or alcohol impairment or failure to follow the appropriate standard of care to the state Medical Board of California (Board) and give the Board the authority to test physicians suspected of substance use or alleged standard of care failures.
- Require physicians to pay for the costs of the substance use tests.
- Require hospitals to report any positive test results or refusals of a physician to submit to the test to the Board. The Board may then suspend the physician's license until an investigation and hearing are complete.
- Require health professionals and pharmacists to consult the Controlled Substance Utilization Review and Evaluation System (CURES) maintained by the state Department of Justice prior to prescribing or dispensing controlled substances to a patient for the first time. Failure to do so could result in disciplinary action by the health care practitioner's licensing entity. (Current law requires prescribers and pharmacists to obtain access to CURES by January 1, 2016, but does not require a consultation prior to prescribing or dispensing controlled substances.)

Fiscal Impacts: The Legislative Analyst's Office (LAO) indicates that the passage of Proposition 46 would result in an increase in medical malpractice insurance premium costs averaging ten percent – potentially more than \$100 million dollars – which will directly impact the physicians and facilities that purchase medical malpractice insurance as well as the patients served by those entities. This includes both state and county entities. Further, the LAO anticipates an increase in the overall award amounts and settlements in medical malpractice cases as well as an increase in the overall number of injury claims.

Proposition 46 will also increase oversight and administrative costs for a number of state health-related Boards, including the state Medical and Pharmacy Boards, as well as investigation and prosecution costs for the state Attorney General's Office.

Potential County Impacts: The initiative has the potential to significantly increase county costs due to our unique role as operators of public hospitals and clinics, providers of health care, and employers who purchase health care insurance for both county employees and retirees.

- **Counties as providers.** County hospitals and clinics employ health care providers in hospitals and clinics, often choosing to self-insure against the risk of medical malpractice claims. This means that any increase in costs for medical malpractice cases will be directly borne by self-insured counties. Further, for counties that purchase medical malpractice insurance, the increase in medical malpractice claims will drive increases in premiums. Counties anticipate that increasing the cap on noneconomic damages would increase any settlements or awards paid by counties. Additionally, the number of attorneys willing to litigate on noneconomic damages would likely increase, which also has the potential to increase settlements and awards.
- **Counties as employers.** Counties will also bear the costs of additional medical malpractice suits and increases in noneconomic damages through rising health care insurance premiums associated with county employees and retirees.

Staff Comments: The MICRA noneconomic damages cap has been subject to intense scrutiny and opposition from consumer attorneys and patient protection groups since its inception 39 years ago. CSAC supports the existing MICRA cap and is a member of the Californians Allied for Patient Protection (CAPP) coalition, which in opposes legislation that would increase MICRA. CAPP was created in 1991 and is a broad-based coalition of physicians, dentists, hospitals, community clinics, health centers, nurses, emergency providers, public safety, local governments, labor unions, and other health care professionals from throughout California who oppose changes to existing MICRA statute.

CSAC has generally opposed legislative measures that would weaken existing MICRA statute.

Staff Recommendation: CSAC staff recommends that the Board of Directors adopt an OPPOSE position on Proposition 46, The Troy and Alana Pack Patient Safety Act of 2014. The CSAC Executive Committee voted to recommend an OPPOSE position on August 7, and the CSAC Health and Human Services Policy Committee unanimously made the same recommendation on July 28.

The California statewide General Election will be held on Tuesday, November 4, 2014.

Staff Contacts:

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Faith Conley can be reached at (916) 327-7500, Ext 522 or fconley@counties.org.

Michelle Gibbons can be reached at (916) 327-7500 Ext. 524 or mgibbons@counties.org.

Invited Speakers:

Proposition 46 Proponent: **Mr. Bob Pack**, Father and Coauthor of Proposition 46

Proposition 46 Opponent: **Mr. Brandon Castillo**, Partner, Bicker, Castillo & Fairbanks

Attachment:

California Voter Guide Arguments and Rebuttals for Proposition 46

Prop Drug and Alcohol Testing of Doctors. Medical Negligence Lawsuits. Initiative Statute.
46

★ Argument in Favor of Proposition 46 ★

PROPOSITION 46 WILL SAVE LIVES.

Preventable medical errors kill up to 440,000 people each year, making medical negligence the third leading cause of death in this country behind only heart disease and cancer.

Bob Pack is sponsoring Proposition 46 because a drugged driver killed Bob's children after multiple doctors recklessly prescribed narcotics to her. Bob wants to prevent such a tragedy from happening to other families. Proposition 46 will save lives in three ways:

1. PROPOSITION 46 WILL DETER NEGLIGENCE BY HOLDING DOCTORS ACCOUNTABLE FOR MEDICAL ERRORS.

- It holds doctors accountable when they commit negligence, including while impaired by drugs or alcohol, by adjusting for inflation the current cap of \$250,000 on pain and suffering damages for victims of medical negligence like Troy and Alana Pack.
- The Legislature set the cap in 1975 and has never adjusted it for inflation. While the cost of everything else has increased significantly since then, the value of a life has not increased one penny in 39 years.
- Proposition 46 retains the current limit on attorneys' fees in medical negligence cases.

2. PROPOSITION 46 WILL SAVE LIVES BY CRACKING DOWN ON PRESCRIPTION DRUG ABUSE.

- A recent *LA Times* investigation showed that drugs prescribed by doctors caused or contributed to nearly half of the accidental prescription overdose deaths in four Southern California counties.
- Proposition 46 requires doctors to check the existing statewide database before prescribing addictive painkillers and other narcotics to a first time patient.

3. PROPOSITION 46 WILL SAVE LIVES BY PROTECTING PATIENTS FROM IMPAIRED DOCTORS.

- The California Medical Board reported that experts estimate nearly one in five health professionals suffers from substance abuse during their lifetimes.

- Doctors under the influence of drugs and alcohol cause medical errors, but most substance abuse goes undetected because doctors are not tested.

PROPOSITION 46 REQUIRES:

- Random drug and alcohol testing of doctors using the same proven federal testing program that works with pilots.
- Suspension of a doctor who tests positive and disciplinary action if the doctor was impaired on duty.

THE FACTS:

- Millions of Californians are drug tested at work yet California doesn't require doctors to be tested.
- Drug testing is required for pilots, bus drivers, and other safety workers—but not doctors.
- Drug testing can save lives. That's why random drug testing of doctors is supported by leading medical safety experts, consumer advocates, the Inspector General of the federal agency responsible for overseeing health care, and by doctors who themselves have abused drugs.
- Dr. Stephen Loyd, an internist who practiced medicine while abusing drugs and who is now recovering, said: "I worked impaired every day; looking back, it scares me to death, what I could have done. My patients and my colleagues never knew I was using."

Join Bob Pack, consumer groups, health care professionals and victims of medical negligence in voting YES on Proposition 46 (www.yeson46.org) so we can improve patient safety, hold doctors accountable, and save lives by making sure no one has an intoxicated doctor treating them or a loved one.

Bob Pack, Father of victims of preventable medical error, Troy and Alana Pack

Carmen Balber, Executive Director
Consumer Watchdog

Henry L. "Hank" Lacayo, State President
Congress of California Seniors

★ Rebuttal to Argument in Favor of Proposition 46 ★

Prop. 46 is before you for one reason—to make it easier for trial lawyers to sue doctors and profit from these lawsuits. It's simple. When you increase the cap, you automatically increase trial lawyer profits.

46's sponsors claim this is about drug testing doctors . . . but the lawyers who wrote and funded this measure have NEVER gone to the State Legislature to propose drug testing of doctors.

They have, however, sponsored 3 different proposals to get the State Legislature to raise the cap on lawsuits and make it easier to sue our family doctors. All 3 times the Legislature rejected them. And no less than 10 times, trial lawyers have asked the courts to strike down the cap. Each time, the courts, including the California Supreme Court, found the cap serves its purpose by keeping costs contained, which preserves your access to affordable healthcare.

Lawyers paid to put this on the ballot, making the bold claim it will "save lives." They cite false statistics to defend this political

rhetoric. Much as we wish a ballot initiative could actually save lives, this one will not.

But doctors and nurses DO save lives. They take a solemn oath to care for their patients. They believe 46 would force many California doctors, specialists and healthcare professionals to close their practices. How can that benefit anyone?

Please go to www.NoOn46.com to see why over 500 different community based groups throughout the state, concerned about access to healthcare for everyone, say VOTE NO on 46.

Tricia Hunter, RN, Executive Director
American Nurses Association, California

Tom Scott
California Citizens Against Lawsuit Abuse
Betty Jo Toccolli, President
California Small Business Association

Prop 46 Drug and Alcohol Testing of Doctors. Medical Negligence Lawsuits. Initiative Statute.

★ Argument Against Proposition 46 ★

California special interests have a history of qualifying ballot propositions that appear to be about one thing but are really about another. Here's another one.

Proposition 46 uses alcohol and drug testing of doctors to disguise the real intent—to increase a limit on the amount of medical malpractice lawsuit awards.

This measure does three things:

- Quadruples the limit on medical malpractice awards in California, which will cost taxpayers hundreds of millions of dollars every year, and cause many doctors and other medical care professionals to quit their practice or move to places with lower medical malpractice insurance premiums.
- Threatens your privacy by requiring a massive expansion of the use of a personal prescription drug database.
- Requires alcohol and drug testing of doctors, which was only added to this initiative to distract from the main purpose.

Vote No on Prop. 46

This measure is not on the ballot because someone thinks we need to drug test doctors. Prop. 46 was written and paid for exclusively by trial lawyers who will profit from its passage. If they get their way, malpractice lawsuits and trial attorney awards will skyrocket. And we will pay the costs.

Raising the Limit on Medical Malpractice Awards

Lawyers want to quadruple the limit of awards that the state allows for medical malpractice lawsuits. Here are the consequences:

- *Increased Health Insurance Costs:* If medical malpractice awards go up, health insurance companies will raise their rates to cover their increased costs. When health care insurance companies raise their rates, we all pay more in health care premiums.
- *Increased Taxes and Fees:* State and county hospitals pay their own medical malpractice insurance premiums. When

health insurance companies raise their rates, state and county governments will have to find a way to cover the new costs. They will either cut services or raise taxes and fees. In fact, the independent Legislative Analyst estimates the increased state and local costs to be “hundreds of millions of dollars . . .” We will pay either way.

- *Access to Health Care Reduced:* If California raises their cap, many doctors and other health care professionals will move to states with lower malpractice insurance rates. Some will give up their practice. This could cause you to lose your doctor. Which is why the California Association of Rural Health Clinics opposes Prop. 46.

Prescription Drug Database

Prop. 46 mandates that doctors consult an online database of Californians' personal prescription drug history. This database is controlled by the state government in an age when it's already too easy for government to violate our privacy.

Government websites, including the DMV and the Pentagon, have a history of being hacked. Vote No to prevent reliance on another computer database that no one can assure will be secure.

In Summary

The consequences of Prop. 46 far outweigh any benefits: higher costs of health care, higher taxes, lost access to doctors, loss of privacy, and risking that our personal prescription drug history will be compromised and made available for anyone to see.

Please vote no.

Donna Emanuele, RN, President
California Association of Nurse Practitioners
Ann-Louise Kuhns, President
California Children's Hospital Association
Stuart Cohen, MD, Chair
American Academy of Pediatrics, California

46

★ Rebuttal to Argument Against Proposition 46 ★

As mothers who lost children to medical negligence, we want to prevent our tragedies from happening to others, but insurance companies are spending millions against Proposition 46's reforms.

Please consider the facts:

Requiring random drug and alcohol testing of doctors will address a serious problem reported by *USA Today*: 103,000 U.S. medical professionals annually abuse illicit drugs.

That's why Mothers Against Drunk Driving Founder Candace Lightner supports Proposition 46.

The U.S. Health and Human Services Department's Inspector General has called for testing doctors.

Pilots, hospital workers, and millions of Californians are tested, but California doesn't require doctors to be tested.

Requiring doctors to check California's drug database before prescribing new patients narcotics will:

Protect privacy: The existing Department of Justice database is secure. That's why Consumer Watchdog supports 46.

Save money: The U.S. Health and Human Services Department's former insurance oversight director estimates it can save California hundreds of millions annually.

Adjusting the \$250,000 cap on compensation for human suffering in medical negligence cases for 39 years of inflation will fairly value lives and hold doctors accountable.

Barbara Boxer, Nancy Pelosi and Erin Brockovich support 46 because the cap disproportionately harms women and children.

Proposition 46 *won't limit access to health care:* statistics show that people in most states *without* caps have better access to doctors than Californians do.

California's Insurance Commissioner *holds down doctors' insurance costs* by regulating rates.

Up to 440,000 people die annually from preventable medical errors. *Help us save lives—VOTE YES.*

Sarah Hitchcock-Glover, R.N., Mother of victim of preventable medical error, Adam Glover
Alejandra Gonzalez, Mother of victim of preventable medical error, Mia Chavez
Jennifer Westhoff, Mother of victim of preventable medical error, Morgan Westhoff



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August 12, 2014

To: CSAC Board of Directors

From: Elizabeth Howard Espinosa, Senior Legislative Representative
Administration of Justice

Kelly Brooks-Lindsey, Senior Legislative Representative
Health and Human Services

RE: **CSAC Executive Committee Action on Proposition 47 – OPPOSE position
(Action Item)**

Recommended Action: The CSAC Executive Committee recommends that the Board of Directors adopt an OPPOSE position on Proposition 47, the Safe Neighborhoods and Schools Act.

Background. As detailed in the attached analyses, the CSAC Administration of Justice policy committee recommended **no position** on Proposition 47 to the CSAC Executive Committee. The CSAC Health and Human Services Policy Committee recommended a **neutral** position. At its August 7 meeting, the Executive Committee discussed Proposition 47 at length and for the reasons summarized below have advanced a recommended oppose position to the Board of Directors.

- There is significant uncertainty over the local workload/caseload impacts and discomfort with how a new set of sentencing changes will affect counties' ongoing efforts to implement AB 109.
- There is significant skepticism over the estimated level of savings (state and local) that the initiative would yield.
- While some support was expressed for the general objective behind the bill – further exploring sentencing reforms for lower-level crimes – the initiative process severely limits any future amendment to the statutory changes.
- The initiative does nothing to offset the imposition of workload on the criminal justice system, but instead redirects funds to other parts of the system. Most importantly, the non-supplantation clause means that counties will have to build new programs with the assumed savings.
- Current jail conditions mean that the many counties operating under a cap would not see any meaningful benefit to the reduction in penalties.

The yes and no campaigns for Proposition 47 have been invited to the Board of Directors to present their respective arguments.

A full discussion of the provisions of Proposition 47, the leading proponents and opponents, and details on assumed workload, cost estimates, and impact of system investments are covered in the attached memos to the AOJ and HHS policy committees.



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July 24, 2014

TO: CSAC Administration of Justice Policy Committee

FROM: Elizabeth Howard Espinosa, Senior Legislative Representative
CSAC Administration of Justice Policy Committee

Re: **Recommended Position on Proposition 47, *The Safe Neighborhoods and Schools Act* – ACTION ITEM**

Recommended Action: Staff recommends that the Administration of Justice Policy Committee take **NO POSITION** on Proposition 47, the Safe Neighborhoods and Schools Act.

CSAC POLICY COMMITTEE REVIEW

In broad terms, Proposition 47 is a sentencing reform initiative, which would reduce penalties for specified crimes. It also would reinvest assumed savings into three categories of treatment and intervention. The CSAC Officers referred Proposition 47 to the Health and Human Services (HHS) and the Administration of Justice (AOJ) Policy Committees for joint review to permit analysis of both sentencing changes and proposed system investments. The HHS policy committee will meet on July 28 to discuss the measure; its analysis will focus on how the proposed system investments of assumed savings associated with Proposition 47's implementation will impact counties. The AOJ committee will review and analyze the impacts of changes on the criminal justice system.

The recommendation of both committees will be forwarded to the CSAC Executive Committee for review at its August 7 meeting. The CSAC Board of Directors will review and take final action on this and other ballot measures at its September 4 meeting.

BACKGROUND

Crimes generally are classified into one of three categories, from the most to least serious: felonies, misdemeanors, and infractions. There are important subcategories within these classifications, especially in the felony class. Sentencing changes enacted pursuant to 2011 Public Safety Realignment (AB 109) mean that offenders convicted of certain lower-level felonies (non-serious, non-violent, non-sex offenses) now serve their sentences in county jail. Prior to 2011 Realignment, felony sentences generally were served in state prison.

If approved by the voters at the November 2014 General Election, Proposition 47 would make all of the following changes:

1. Reduce penalties for certain offenders convicted of non-serious and non-violent drug and property crimes;

2. Allow persons currently incarcerated for these specified non-serious and non-violent crimes to seek resentencing;
3. Create a mechanism by which state correction system savings associated with these sentencing changes would be calculated;
4. Redirect identified state savings to three categories of prevention and treatment.

We explore each of these four main components in more detail below.

PENALTY CHANGES

Proposition 47 would reduce existing penalties for six specific non-serious, non-violent crimes: petty theft, commercial burglary (creating a new carve-out for shoplifting), receiving stolen property, writing bad checks, forgery, and drug possession. The changes generally reduce these crimes from felonies or wobblers (crimes for which either a felony or a misdemeanor can be charged) to misdemeanors. However, convictions for these crimes could still be charged as felonies if the person is required to register as a sex offender or has a prior conviction of a “super strike” as defined in Penal Code Section 667(e)(2)(C)(iv).¹

RESENTENCING PROVISIONS

Persons serving a prison sentence for a felony conviction for crimes that, under the provisions of the initiative, are reclassified as misdemeanors would be permitted to seek court review for purposes of resentencing. The initiative gives the court guidance for considering how to exercise its discretion in determining whether a person seeking resentencing poses “an unreasonable risk of danger to public safety².” Among the factors the court may consider: 1. The person’s conviction history – including types of crimes committed, extent of victim injuries, and length of prior prison commitments; 2. The petitioner’s disciplinary and rehabilitative records; and 3. Any other evidence the court deems to be relevant in making the determination of risk.

Successful petitioners would be given credit for time served and subject to parole supervision for one year following completion of their sentence, although the court may waive parole as part of its resentencing determination. The initiative prohibits a person from receiving a longer sentence by virtue of resentencing than he or she otherwise would have had. Persons with “super strike” convictions or who are subject to sex

¹ This section enumerates eight specific offenses or categories of offenses that are serious or serious *and* violent, including, among others, murder, sexually violent offenses, possessing a weapon of mass destruction, child sexual abuse, and any other felony offense punishable by life imprisonment or capital punishment. Section 667 (e)(2)(C)(iv) was enacted by Proposition 36 (2012), the three-strikes reform. Under the latter initiative, persons seeking resentencing (if their third strike was neither serious nor violent) are ineligible if they have a previous “super strike.”

² For purposes of the initiative, “unreasonable risk of danger to public safety” is defined as the risk that the petitioner will commit a new violent felony (i.e., “super strike”) enumerated in Penal Code Section 667(2)(C)(iv), as described in the footnote 1.

offender registration requirements are not eligible to seek resentencing. Petitioners must file for resentencing within three years of the initiative's effective date or, upon showing of good cause, at a later date. Successful petitioners would still be barred from possessing or owning a firearm.

PROCESS FOR CALCULATING STATE CORRECTIONS SYSTEM SAVINGS

The initiative would create a "Safe Neighborhoods and Schools Fund" (Fund) within the state treasury and would establish a process by which the Department of Finance would calculate the annual state-level correctional system savings associated with implementation of the initiative's provisions. The measure specifies the timing of the savings calculation (before July 31, 2016 and on or before July 31 of every subsequent year) as well as the transfer of any savings (before August 15 of each year beginning in 2016) into the Fund. The measure further specifies that expenditures from the Fund must be made exclusively on the purposes outlined in the Act³ and may be made without regard to fiscal year. Further, the Act bars the Legislature from transferring or appropriating resources from the Fund for purposes other than those outlined within.

REDIRECTION OF STATE SAVINGS

The provisions of Proposition 47 direct the State Controller by August 15 of each year, beginning in 2016, to distribute the state savings in the Fund as follows:

- 65 percent to the Board of State and Community Corrections for grants to public agencies aimed at supporting **mental health and substance use disorder (SUD) treatment as well as diversion programs** for people in the criminal justice system – with a particular focus on recidivism reduction for those convicted of less serious crimes (such as those reclassified by the measure) and for those with mental health or SUD treatment needs.
- 25 percent to the Department of Education dedicated to a grant program **supporting K-12 truancy reduction programs or assisting at-risk students or those who are victims of crime;**
- 10 percent to the Victim Compensation and Government Claims Board for grants to support **trauma recovery centers.**

Each of the three recipient state entities would be permitted to spend up to 5 percent of the total funds to cover administrative costs associated with the new programmatic responsibilities. The State Controller would be required to conduct an audit of the grant programs in the three categories outlined above to ensure expenditures are targeted to only the purposes specified in the initiative. Findings must be reported to the Legislature and the public. Non-supplantation provisions would apply.

³ The stated purpose of the Fund is to "expand programs for public school pupils in kindergarten through 12th grade, victims of crime, and mental health and substance abuse treatment and diversion programs for people in the criminal justice system."

Further, the measure specifies that local agencies – presumably those awarded a grant under the initiative – would not be required to provide programming or levels of service above what the funding provided can cover. Finally, any costs incurred by the State Controller or Department of Finance for their assigned activities associated with the Act’s implementation may also be deducted from the Fund before distributions are made.

The initiative could be modified by a two-thirds vote of the Legislature, but only if the changes furthered the purpose of the original measure.

ESTIMATED FISCAL/WORKLOAD IMPACTS

The Legislative Analyst’s Office (LAO) indicates that the passage of Proposition 47 would potentially result in a net savings for the state criminal justice system in the “low hundreds of millions of dollars,” which would be deposited into the Fund as described previously. The state savings are estimated based on presumed reductions in the state prison population (given the reduction in prison-eligible crimes), which are in part offset by increased costs in state parole responsibilities and potential state court costs for resentencing proceedings. The LAO also assumes a similar level of county criminal justice system savings; any such savings achieved would remain locally and would not be subject to redirection. In terms of sheer numbers, the proponents assume – through their independent analysis – that 10,000 persons would benefit from either the resentencing provisions or shortened terms at the local level annually.

It is extraordinarily difficult to assess the likelihood that the state or local savings estimates offered by the LAO would be achieved. Indeed, in its analysis, the Analyst acknowledges that the fiscal impacts are subject to numerous assumptions and unknowns and, therefore, are “subject to significant uncertainty.” Among the complications in attempting to derive system savings are data limitations that prevent clear identification of who – now serving a state prison sentence for one of the affected crime categories – would be subject to resentencing provisions.⁴ Future application (and resulting costs and/or savings of the new sentencing scheme) is largely speculative, including how these changes might affect local sentencing decisions. Finally, future crime trends that drive workload and how these offenders resented under the provisions of the Act are sentenced (based on individual judicial decisions) are difficult to predict with any certainty or specificity. CSAC does not have access either to the data or the modeling tools needed to undertake these analyses independently.

For assumed savings for both state and local correctional systems, there are two aspects: the financial benefits of prospective application of the changes and those associated with the resentencing provisions (retrospective). For the state, it will enjoy savings associated

⁴ This limitation largely relates to the way in which the initiative would divide misdemeanor and felony convictions (by setting a new value [\$950] below which a theft or forgery or shoplifting, for example, would be considered only a misdemeanor). Offender-level data do not include this level of case-/crime-specific detail in electronic records.

with fewer offenders being eligible for prison, given the reductions to existing penalties. The LAO assumes that the savings associated with driving down future prison population may translate to several thousand fewer inmates annually on an ongoing basis. Further, the Analyst estimates a temporary prison population reduction resulting from those who leave prison early as a result of resentencing proceedings. As mentioned previously, the state would also experience a likely bump in the state parole population that would offset a portion of the prison savings.

The state trial court system would experience some measurable increase in costs associated with the resentencing workload. Presumably workload reductions (owing to fewer felony trials and less time-intensive court processes for misdemeanor cases) would offset those increases. To the extent that counties' supervision responsibilities drop, there could be a resulting decrease in the number of revocation proceedings.

The table below attempts to summarize the various potential state and local effects. It is important to note that any given county's operational or financial impact is difficult to predict, given the uncertainty about the numbers of offenders in each of these potential cost and workload impact categories. Further, implementation of the initiative's provisions is subject to significant subjective decision-making along the way, and it's difficult to foretell how the system and the persons employed within will adapt and adjust. For example, whether a given county may benefit from reduced jail workload (again, without being able to precisely quantify how concurrent jail workload increases may offset or outstrip workload relief) will largely depend on a county's current capacity. Many counties continue to experience overcrowded jail conditions, so changes in jail population – even if a given jurisdiction were to face a net reduction in custody demand – may only help on the margin. By the same token, each county will experience overall workload increases of potentially varying magnitudes depending on the types of the offenders in each jurisdiction's system.

State Impacts	Local Impacts
<p>↓ in prison population associated with fewer prison-eligible felonies</p> <p>↑ in state parole population for those ordered to state supervision following release or resentencing</p> <p>↑/↓ increase in state court costs associated with resentencing proceedings, but potentially offsetting reduction in workload associated with fewer felony (but potentially more misdemeanor trials)</p> <p>↓ in revocation hearings depending on net numbers of persons on supervision locally</p> <p>↓ in overall prison/parole costs assuming</p>	<p>↑ increase in county jail sentences to the extent that successful petitioners are remanded to the county jail to fulfill the remainder of a misdemeanor term locally</p> <p>↑ increase in county jail sentences for those sentenced to local term who otherwise would have gone to prison</p> <p>↓ in county jail population associated with those offenders who successfully petition for resentencing or who would have previously been subject to a county felony term for crimes now defined as misdemeanors (release, shorter terms, or</p>

State Impacts	Local Impacts
<p>that targeted interventions and treatment funded by the savings are successful in reducing future victimization and improved offender outcomes</p> <p>✦ The state may also benefit in reaching and maintaining the federal court-ordered population cap, assuming that prison inmate numbers (one-time and ongoing) drop.</p>	<p>perhaps heavier reliance on alternatives to incarceration)</p> <p>↓ in pre-trial jail population given fewer felonies and more misdemeanors</p> <p>↓ in post-release community supervision population for those who would otherwise have exited prison on a county probation caseload but who, under resentencing orders, would be supervised by state parole</p> <p>↓ in other local supervision workload associated with fewer felony offenders / more misdemeanants</p> <p>↑/↓ in workload (district attorney, public defender, court security, probation) associated with court proceedings overall (fewer felony and more misdemeanor proceedings overall and potentially some reduction in revocations)</p> <p>↓ in overall system costs assuming that targeted interventions and treatment funded by the savings are successful in reducing future victimization and improved offender outcomes</p>

POTENTIAL COUNTY IMPACTS

Criminal Justice System Impacts. One of the more difficult aspects of this analysis relates to how these proposed new sentencing changes would impact county criminal justice system workload. In the previous section, we outline both the potential that certain aspects of the initiative contemplate new county criminal justice system workload, but other aspects may have offsetting benefits. The difficulty is that data available today cannot predict with certainty how the retrospective application of the proposed sentencing changes may work (i.e., impacts of resentencing), and analysis of how the prospective application of the sentencing changes is highly speculative and subject to significant local discretion.

It is important to acknowledge, however, that counties remain deeply engaged in implementation of the largest correctional system reform in a generation. AB 109 fundamentally altered criminal justice system responsibilities with far-reaching impacts most acutely experienced in the local custody and supervision functions. The initiative’s opponents correctly raise concerns about the impact of another wave of sentencing reforms following too quickly on the heels of 2011 Public Safety Realignment. The specific effects of these changes are difficult to quantify, as discussed. Regardless, another round

of changes is likely to shock a system still in flux. Further, to the extent that the changes contemplated by Proposition 47 result in net criminal justice system costs, the state savings are directed to other program priorities and would not be available to local law enforcement partners.

Behavioral Health Investments. There is a clear nexus between investment in behavioral health treatment services and recidivism reduction. Research has shown that treatment investment is likely to reduce future costs associated with crime, policing, and incarceration of offenders. Previous evaluations from the Mentally Ill Offender Crime Reduction Grant Program demonstrate the effectiveness of evidence-based mental health treatment on reducing jail bookings and jail stays.

Given counties' current role as provider of behavioral health services, the grants provided under Proposition 47 could be used to augment local efforts to provide mental health and substance use disorder treatment services to criminally involved individuals. The recidivism reduction efforts could benefit county jails, as well as state prisons. The proposed reinvestments in behavioral health programs and recidivism reduction align with the budget augmentations that CSAC proposed and supported during the 2014-15 state budget discussions.

Counties would presumably be a primary beneficiary of the grant programming targeting offenders with mental health or substance use disorder treatment needs – which would receive the majority (65%) of the state savings.

Truancy Reduction Investments. In addition to investments in behavioral health programs, Proposition 47 includes investments in truancy reduction. There is a body of research that indicates a strong correlation between truancy and future criminal justice system involvement.

Truancy, especially among elementary school students, has long-term negative effects. Students who miss school at an early age are more likely to struggle academically and, in later years, to drop out entirely. One study found that for low-income elementary students who have already missed five days of school, each additional school day missed decreased by seven percent the student's chance of graduating. Lacking an education, these children are more likely to end up unemployed and at risk of becoming involved in crime, both as victims and as offenders. To the extent that the presumed savings are invested in K-12 crime prevention programs, there would likely be some shared benefits across a number of systems – education, social services, health care, and criminal justice – if these efforts reduce future criminal activity of the at-risk youth population.

Trauma Recovery Centers Investments. Trauma recovery centers provide mental health and medical services to individuals who have suffered from violence, trauma and loss. Populations served include victims of domestic violence, survivors of physical assault,

family members of homicide victims, sexual assault victims, individuals who have suffered brain injury as the result of trauma, survivors of torture and gender-based violence for refugees, as well as asylee and asylum-seekers. Initial studies of the trauma recovery center services indicate that the centers increase access to mental health and SUD treatment and decrease homelessness. To the extent that the centers improve outcomes for individuals counties may already be serving, additional funding may be beneficial.

SUPPORT / OPPOSITION

The named proponents of Proposition 47 are George Gascón, District Attorney for the City and County of San Francisco, and William Lansdowne, former police chief in the cities of San Diego, San Jose and Richmond. Other groups that have endorsed the initiative include the California Teachers Association, the California Democratic Party, and AFSCME.

Leading points of support among proponents:

- The sentencing changes are smart on crime, targeted to the lowest level offenders, and built with strict protections in mind to maintain public safety.
- Proposition 47's reforms prioritize serious and violent criminals, freeing up savings to invest in treatment and services that will prevent crime and reduce victimization.
- The initiative would reduce barriers to re-entry for nonviolent offenders, improving the likelihood of success upon community reentry.

Opponents of Proposition 47 include the key statewide law enforcement associations and victims' advocates in California: the California District Attorneys Association, the California State Sheriffs' Association, the California Police Chiefs Association, the California Peace Officers Association, Crime Victims United of California, Crime Victim Action Alliance, the California Coalition Against Sexual Assault, and others.

Leading points of opposition among opponents:

- Sentencing changes threaten public safety and inappropriately reduce criminal penalties, resulting in additional early prison releases.
- Significant new changes to California's sentencing structure and to how responsibilities are split between the state and local criminal justice systems come too soon on the heels of AB 109 implementation. The system remains in a state of flux and a new layer of reforms will destabilize important implementation efforts underway.
- Proposed changes would increase criminal justice system workload, but resulting savings would not benefit local law enforcement.

The ballot arguments – pro, con, and rebuttals to each – recently were made available. Those materials are included in the attachments.

COUNTY POLICY CONSIDERATIONS

At its core, Proposition 47 is a sentencing reform measure. Generally speaking, CSAC does not weigh in on legislative or ballot measures that strictly create a new crime or enhance a penalty for crimes. We did not, for example, weigh in on the original Three Strikes initiative in the 1990s nor did we take a position on the Three Strikes reform measure of 2012 (Proposition 36). However, CSAC opposed the 2000 initiative (Proposition 21) that changed the treatment of juvenile offenders – making it easier to charge juveniles in the adult court – on the basis of increased costs.

Every legislative year, there are dozens if not hundreds of bills that propose to create a new crime or enhance a penalty. Again, CSAC stays out of these bills for two primary reasons. First, there is an inherent conflict in the county criminal justice structure, with county responsibilities spanning both the prosecution and defense functions. The very nature of that structure conflicts CSAC out of these policy matters. Secondly, given the diversity of perspectives among counties about the relative benefits of a more strict vs. more lenient penalty structure, arriving at a consensus across counties on the appropriateness of punishment is unlikely.

Although AB 109 has certainly made all criminal justice partners – including CSAC – more sensitive to the workload dynamics associated with changing penalties and potentially increasing or decreasing those who are eligible for a county jail term vs. a prison term, we have no specific policy related to sentencing reforms. Some could argue that if additional sentencing reforms are called for, a more comprehensive system analysis is warranted.

Perhaps most importantly, we anticipate that the CSAC membership will be evenly divided on this measure. While we are not aware of counties that have weighed in on Proposition 47 to date, there are boards of supervisors that would likely be inclined to support the goals and objectives of the initiative. Conversely, other county boards likely would be sufficiently concerned about the potential overall public safety impacts of the measure that they would be prone to oppose. Reasonable minds can – and do – differ on the relative merits of these policy changes.

CSAC takes very seriously both the strength and substance of the opposition of our local law enforcement partners to this initiative. They are rightly concerned about specific public safety impacts of the initiative's changes. In a broader sense, how would the new responsibilities and workload affect a local correctional system still in flux? At a time when counties continue to adjust to AB 109 implementation and are still working to resolve existing challenges, what will be the effects of a new set of substantive changes? Are our facilities and systems too fatigued to adequately adapt?

Finally, it is important to acknowledge that the initiative will likely help the state to some degree in further driving down its prison population.⁵ Depending on the magnitude of the population impact, the initiative could improve the state's likelihood that it will be able to comply with the population milestones ordered by the federal court. Counties and local criminal justice system remain somewhat vulnerable to other impacts (e.g., other changes imposed by the courts or early releases ordered by the Compliance Officer) until the state is able to reach and maintain the reduced prison population level.

STAFF COMMENTS

Although the specific provisions of Proposition 47 on their face are clear, an analysis of the local criminal justice system impacts is extraordinarily complex. The initiative could impose both increases and partially offsetting decreases in county criminal justice system workload responsibilities. Proposition 47 may produce local system savings that would be available to invest in the criminal justice system. Further, it affirmatively invests state system savings in specified programs and services that could have beneficial effects by addressing mental health and substance use disorder issues among those in the offender population. CSAC actively promoted behavioral health system investments in 2014 as a means to augmenting counties' capacity to improve offender outcomes – which could drive down future criminal justice system impacts. Importantly, however, the initiative causes considerable concern among our public safety system partners, both with the specific implications of the proposed law changes and with respect to an additional layer of responsibilities in an already strained system.

REQUESTED ACTION

Given the difficulty of quantifying specific workload and cost impacts and CSAC's likely lack of organizational consensus on the relative benefits of this measure, staff recommends that the Administration of Justice Policy Committee take **NO POSITION** on Proposition 47.

STAFF CONTACT

For questions on this matter, please contact Elizabeth Howard Espinosa at 916-650-8131 or eespinosa@counties.org.

Attachments:

- Proposition 47 Initiative [text](#)
- Legislative Analyst's Office [analysis](#) of Proposition 47 – July 14, 2014
- Ballot arguments [FOR](#) and [AGAINST](#) Proposition 47 and rebuttals (to [for](#) argument / to [against](#) argument)

⁵ Recall that the state is required to arrive at the court-ordered prison population cap of 137.5% of design capacity (approximately 113,700 inmates) by February 2016. As of July 9, 2014, the state inmate population level was roughly 116,000.



July 14, 2014

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TO: Supervisor Kathy Long, Chair, CSAC Health & Human Services Policy Committee
Supervisor Ken Yeager, Vice Chair, CSAC Health & Human Services Policy Committee
Members, CSAC Health & Human Services Policy Committee

FROM: Kelly Brooks-Lindsey, Senior Legislative Representative
Farrah McDaid Ting, Legislative Representative
Michelle Gibbons, Legislative Analyst

Re: Proposition 47: "The Safe Neighborhoods and Schools Act"

Recommended Action: CSAC staff recommends that the Health and Human Services Policy Committee adopt a NEUTRAL position on Proposition 47, The Safe Neighborhoods and Schools Act.

Background: The CSAC Officers referred Proposition 47 to both the Health and Human Services and the Administration of Justice Policy Committees. The Administration of Justice Policy Committee will be meeting on July 31 to discuss this measure and recommend a position to the Executive Committee. The Health and Human Services Policy Committee will focus its discussion and analysis on how the potential investments in Proposition 47 will impact county health and human services and programs. The Administration of Justice Policy Committee will focus its discussion and analysis on the sentencing changes proposed by Proposition 47 and how those changes will impact counties, including any possible interactions with 2011 public safety realignment.

Governor Brown and the Legislature have made recidivism reduction a policy focus, particularly with the state's continuing efforts to reduce the prison population (as ordered by the three judge panel overseeing the *Coleman* and *Plata* lawsuits). Additionally, the 2014-15 state budget includes \$90 million for state and local recidivism reduction efforts. Programs focusing on treatment for persons with mental illness along with substance use disorder treatment are both key components of the recidivism reduction funding.

In California, it is estimated that at least 30 percent of state prison inmates – or 33,000 – have a mental illness. A national estimate of the prevalence of serious mental illness among prison inmates breaks down as follows: 14 percent of male inmates and 31 percent of female inmates. Approximately 70 to 80 percent of California inmates have used illegal drugs. The National Institute of Justice, the research division of the US Department of Justice, has estimated that as many as 80 percent of prisoners, probationers and parolees nationwide have drug- or alcohol-related problems. Thirty one

percent of adult males and 52 percent of adult females need intensive treatment services. Additionally, approximately 50 percent of juvenile inmates need substance use disorder treatment services.

Initiative Summary: Proposition 47, The Safe Neighborhoods and Schools Act, seeks to reduce incarceration in state prisons, while providing funding for programs focused on prevention, trauma recovery, mental health and substance abuse treatment and reducing recidivism. Specifically, Proposition 47 would:

- Reclassify certain nonviolent offenses (commercial burglary, forgery, writing bad checks, petty theft, receiving stolen property, and controlled substance possession) that are currently wobblers or felonies to misdemeanors with a maximum penalty of less than one year in county jail.
- Allow a person serving a felony sentence for any of the above crimes, who would be guilty of a misdemeanor under this measure, to petition for resentencing.
- Require a court to grant a qualifying petition for resentencing unless the court finds that resentencing would pose an unreasonable risk that the petitioner will commit one of a limited set of specified violent felonies (e.g., murder, sexually violent crimes).
- Provide that a person resentenced under the measure shall be given credit for time served and shall be subject to parole for one year, but gives the court discretion to release a person from state prison without parole. Revocations of parole would be served in county jail.
- Prohibit resentencing from resulting in the imposition of a longer sentence.
- Allow a person who has already completed a sentence for a felony that would have been a misdemeanor under this measure to apply to the sentencing court to have the felony designated a misdemeanor, and requires such an application to be granted.
- Presume the reclassification of certain crimes will result in state General Fund savings on corrections.
- Create "The Safe Neighborhood and Schools Fund," into which the corrections savings from implementation of this measure are deposited.
- Provide that monies transferred into the Fund are to be considered General Fund revenues for the purpose of the Proposition 98 calculation.
- Prohibit the Legislature from appropriating the funds described in the measure to any purpose other than those below.
- Specifies the funds to be disbursed as follows:
 - a) 25% to the Department of Education to administer a grant program to public agencies to reduce truancy and support students who are at risk of dropping out or are crime victims.
 - b) 10% to the Victim Compensation and Government Claims Board, for grants to trauma recovery centers to provide services to victims of crime.
 - c) 65% to the Board of State and Community Corrections, to administer a grant program to public agencies aimed at supporting mental health treatment,

substance abuse treatment, and diversion programs for people in the criminal justice system, with an emphasis on programs to reduce recidivism.

- Requires the Controller to perform biennial audits of the programs described above and to report to the Legislature and the public on his/her findings.
- Includes non-supplant language for the funds described by the measure.
- Allows modification of the initiative through a 2/3 vote by the Legislature and only if the modification furthers the intent of the initiative.

Fiscal Impacts: The Legislative Analyst's Office (LAO) indicates that the passage of Proposition 47 would potentially result in a net savings for the state criminal justice systems of a few hundred million dollars annually, which would be deposited into the Safe Neighborhoods and Schools Fund. This savings is derived from a reduction in the prison population, which is then offset by increased costs related to a potential increase in the parole population and a potential increase in state court costs for resentencing.

Potential County Impacts:

Behavioral Health Investments. There is a clear nexus between investment in behavioral health treatment services and recidivism reduction. A study by the California Department of Alcohol and Drug Programs suggests that spending on treatment is likely to reduce future costs associated with crime, policing and incarceration of offenders. For every dollar spent on treatment, according to the study, taxpayers may save seven dollars in future crime- and health-related costs. Additionally, the evaluations from the Mentally Ill Offender Crime Reduction Grant Program demonstrate the effectiveness of evidence-based mental health treatment on reducing jail bookings and jail stays.

Given counties' current role as provider of behavioral health services, the grants provided under Proposition 47 could be used to augment local efforts to provide mental health and substance use disorder treatment services to criminally involved individuals. The recidivism reduction efforts could benefit county jails, as well as state prisons. The proposed reinvestments in behavioral health programs and recidivism reduction align with the budget augmentations that CSAC proposed and supported during the 2014-15 state budget discussions. The Proposition 47 grant funding could be used to expand behavioral health services that counties are providing to the AB 109 population. Additionally, the grant funds could also be used as match to leverage federal funds or other matching programs, which would maximize the impact of Proposition 47 and increase treatment opportunities.

The proposition would direct the majority of the state correctional savings to the Board of State and Community Corrections (BSCC). That agency would then administer a grant program to solicit public agency applications for the behavioral health and diversion grants. The BSCC has extensive experience administering similar grant programs, and staff presumes that the Board would bring together a representative body of stakeholders – an Executive Steering Committee (ESC) – charged with creating a competitive grant process, establishing application criteria, and evaluating proposals. CSAC historically has had a strong working relationship with the BSCC. The current chair, Linda Penner, is a former chief probation officer from Fresno County. Susan Mauriello, the CAO of Santa Cruz County, is a member of the BSCC. CSAC will have

multiple avenues to ensure that county voices contribute to the development of the application and grant program, including likely representation on the ESC.

Truancy Reduction Investments. In addition to investments in behavioral health programs, Proposition 47 includes investments in truancy reduction. There is a body of research that clearly indicates a strong correlation between truancy and future criminal justice system involvement.

Truancy, especially among elementary school students, has long-term negative effects. Students who miss school at an early age are more likely to struggle academically and, in later years, to drop out entirely. One study found that for low-income elementary students who have already missed five days of school, each additional school day missed decreased the student's chance of graduating by seven percent. Lacking an education, these children are more likely to end up unemployed and at risk of becoming involved in crime, both as victims and as offenders.

To the extent that the presumed savings are invested in K-12 crime prevention programs, there would likely be some shared benefits across a number of systems – education, social services, health care, and criminal justice – if these efforts reduce future criminal activity of the at-risk youth population.

Trauma Recovery Centers Investments. Trauma recovery centers provide services to individuals who have suffered from violence, trauma and loss. They provide mental health and medical services. Populations served include victims of domestic violence, survivors of physical assault, family members of homicide victims, sexual assault victims, individuals who have suffered brain injury as the result of trauma, survivors of torture and gender based violence for refugees, asylee and asylum-seekers. Initial studies of the trauma recovery center services indicate that the centers increase access to mental health treatment, substance use disorder treatment, and decreased homelessness. To the extent that the centers improve outcomes for individuals counties may already be serving, additional funding may be beneficial.

Staff Comments: Although Proposition 47 would provide additional resources to counties – for mental health, substance use disorder treatment services and diversion programs – several law enforcement groups are raising public safety concerns with the measure. Proposition 47 is being opposed by the California State Sheriffs' Association, the California District Attorneys' Association, and the California Police Chiefs Association. Opposition concerns include:

- By reducing felonies to misdemeanors, Proposition 47 will impact the county jail population by shifting offenders from state prison. Law enforcement opponents are concerned Proposition 47 will exacerbate existing problems with aged, overcrowded and inadequate jails.
- The new shift of sanctions and responsibilities comes as 2011 Realignment is still in its infancy. The criminal justice system is beginning to settle from the massive

changes of the last three years. Another change to the criminal justice system comes at the wrong time.

- The measure provides no direct funding to law enforcement for reducing crime and victimization – all of the presumed savings are directed toward programs outside of core law enforcement functions.
- Proposition 47 may result in the early release of 10,000 inmates.
- Proposition 47 makes the theft of most handguns a misdemeanor (under the measure, theft of items valued under \$950 are misdemeanors).

Staff Recommendation: Despite the investments that Proposition 47 would make into programs that would benefit counties, the strength of the opposition by key public safety officials warrants that CSAC staff recommends that the Health and Human Services Policy Committee adopt a NEUTRAL position on Proposition 47, The Safe Neighborhood and Schools Act.

The Administration of Justice Policy Committee will be meeting on July 31 to consider a position on Proposition 47. As of the drafting of this memorandum, staff was in the midst of analyzing Proposition 47, and a recommended position was not yet available.

Both the CSAC Health and Human Services and the Administration of Justice Policy Committees will forward their respective recommendation(s) to the CSAC Executive Committee for consideration during that body's August 7, 2014 meeting. The policy committees may recommend different positions to the Executive Committee. The Executive Committee's recommendation will then be forwarded to the full CSAC Board of Directors for consideration of the Association's formal position on Proposition 47 on September 4.

The California statewide General Election will be held on Tuesday, November 4, 2014.

Staff Contacts:

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Michelle Gibbons can be reached at (916) 327-7500 Ext. 524 or mgibbons@counties.org.

Attachments:

Proposition 47 Initiative text as filed with the state Attorney General's office on December 19, 2013

Legislative Analyst's Office analysis of Proposition 47 – January 30, 2014

★ Argument in Favor of Proposition 47 ★

PROPOSITION 47 IS SUPPORTED BY LAW ENFORCEMENT, CRIME VICTIMS AND TEACHERS.

We in the law enforcement community have come together in support of Proposition 47 because it will:

- Improve public safety.
- Reduce prison spending and government waste.
- Dedicate hundreds of millions of dollars to K-12 schools, crime victim assistance, mental health treatment and drug treatment.

Proposition 47 is sensible. It focuses law enforcement dollars on violent and serious crime while providing new funding for education and crime prevention programs that will make us all safer.

Here's how Proposition 47 works:

- **Prioritizes Serious and Violent Crime:** Stops wasting prison space on petty crimes and focuses law enforcement resources on violent and serious crime by changing low-level nonviolent crimes such as simple drug possession and petty theft from felonies to misdemeanors.
- **Keeps Dangerous Criminals Locked Up:** Authorizes felonies for registered sex offenders and anyone with a prior conviction for rape, murder or child molestation.
- **Saves Hundreds of Millions of Dollars:** Stops wasting money on warehousing people in prisons for nonviolent petty crimes, saving hundreds of millions of taxpayer funds every year.
- **Funds Schools and Crime Prevention:** Dedicates the massive savings to crime prevention strategies in K-12 schools, assistance for victims of crime, and mental health treatment and drug treatment to stop the cycle of crime.

For too long, California's overcrowded prisons have been disproportionately draining taxpayer dollars and law enforcement resources, and incarcerating too many people convicted of low-level, nonviolent offenses.

The objective, nonpartisan Legislative Analyst's Office

carefully studied Proposition 47 and concluded that it could save "hundreds of millions of dollars annually, which would be spent on truancy prevention, mental health and substance abuse treatment, and victim services."

The state spends more than \$9,000,000,000 per year on the prison system. In the last 30 years California has built 22 new prisons but only one university.

Proposition 47 invests in solutions supported by the best criminal justice science, which will increase safety and make better use of taxpayer dollars.

We are:

- The District Attorney of San Francisco, former Assistant Police Chief for the Los Angeles Police Department, and former Chief of Police for San Francisco.
- The former Chief of Police for the cities of San Diego, San Jose, and Richmond.
- A crime survivor, crime victims' advocate, and widow of a San Leandro police officer killed in the line of duty.

We support Proposition 47 because it means safer schools and neighborhoods.

Joining us in our support of Proposition 47 are other law enforcement leaders and crime victims, teachers, rehabilitation experts, business leaders, civil rights organizations, faith leaders, conservatives and liberals, Democrats, Republicans and independents.

Please join us, and VOTE YES ON PROPOSITION 47.

For more information or to ask questions about Proposition 47 we invite you to visit VoteYes47.com.

George Gascon, District Attorney
City and County of San Francisco
William Lansdowne, Former Chief of Police
San Diego, San Jose, Richmond
Dionne Wilson, Victims' Advocate
Crime Survivors for Safety & Justice

★ Rebuttal to Argument in Favor of Proposition 47 ★

This isn't just a poorly written initiative. It is an invitation for disaster. Prosecutors and those concerned about protecting the innocent from violent sexual abuse, identity theft and other serious crimes overwhelmingly oppose Prop. 47. Some opponents include:

- California Coalition Against Sexual Assault
- California District Attorneys Association
- California Fraternal Order of Police
- California Peace Officers Association
- California Police Chiefs Association
- California Retailers Association
- California State Sheriffs' Association
- Crime Victim Action Alliance
- Crime Victims United of California

Regardless of what Prop. 47 supporters intend or say, these respected law enforcement and victims' rights groups want you to know these hard, cold facts:

1. Prop. 47 supporters admit that 10,000 inmates will be eligible for early release. They wrote this measure so that judges will not be able to block the early release of these

prison inmates, many of whom have prior convictions for serious crimes, such as assault, robbery and home burglary.

2. It's so poorly drafted that illegal possession of "date-rape" drugs will be reduced to a "slap on the wrist."
 3. Stealing any handgun valued at less than \$950 will no longer be a felony.
 4. California Retailers Association President Bill Dombrowski says "reducing penalties for theft, receiving stolen property and forgery could cost retailers and consumers millions of dollars."
 5. There are no "petty" criminals in our prisons any more. First-time, low-level drug offenders are already sent to diversion programs, not prison.
- Protect our communities. Vote NO on Prop. 47.

Sandra Henriquez, Executive Director
California Coalition Against Sexual Assault
Adam Christianson, President
California State Sheriffs' Association
Roger Mayberry, President
California Fraternal Order of Police

★ Argument Against Proposition 47 ★

California law enforcement, business leaders, and crime-victim advocates all urge you to vote NO on Proposition 47.

Proposition 47 is a dangerous and radical package of ill-conceived policies wrapped in a poorly drafted initiative, which will endanger Californians.

The proponents of this dangerous measure have already admitted that Proposition 47 will make 10,000 felons eligible for early release. *According to independent analysis, many of those 10,000 felons have violent criminal histories.*

Here is what Prop. 47's backers aren't telling you:

- *Prop. 47 will require the release of thousands of dangerous inmates.* Felons with prior convictions for armed robbery, kidnapping, carjacking, child abuse, residential burglary, arson, assault with a deadly weapon, and many other serious crimes will be eligible for early release under Prop. 47. These early releases will be virtually mandated by Proposition 47. While Prop. 47's backers say judges will be able to keep dangerous offenders from being released early, this is simply not true. Prop. 47 prevents judges from blocking the early release of prisoners except in very rare cases. For example, even if the judge finds that the inmate poses a risk of committing crimes like kidnapping, robbery, assault, spousal abuse, torture of small animals, carjacking or felonies committed on behalf of a criminal street gang, Proposition 47 requires their release.
- *Prop. 47 would eliminate automatic felony prosecution for stealing a gun.* Under current law, stealing a gun is a felony, period. Prop. 47 would redefine grand theft in such a way that theft of a firearm could only be considered a felony if the value of the gun is greater than \$950. Almost all handguns (which are the most stolen kind of firearm) retail

for well below \$950. People don't steal guns just so they can add to their gun collection. They steal guns to commit another crime. People stealing guns are protected under Proposition 47.

- *Prop. 47 undermines laws against sex-crimes.* Proposition 47 will reduce the penalty for possession of drugs used to facilitate date-rape to a simple misdemeanor. *No matter how many times the suspected sexual predator has been charged with possession of date-rape drugs, it will only be a misdemeanor, and the judge will be forced to sentence them as if it were their very first time in court.*
- *Prop. 47 will burden our criminal justice system.* This measure will overcrowd jails with dangerous felons who should be in state prison and jam California's courts with hearings to provide "Get Out of Prison Free" cards.

California has plenty of laws and programs that allow judges and prosecutors to keep first-time, low-level offenders out of jail if it is appropriate. Prop. 47 would strip judges and prosecutors of that discretion. When a career criminal steals a firearm, or a suspected sexual predator possesses date rape drugs, or a carjacker steals yet another vehicle, there needs to be an option besides a misdemeanor slap on the wrist.

Proposition 47 is bad for public safety. Please vote NO.

Christopher W. Boyd, President
California Police Chiefs Association
Harriet Salarno, President
Crime Victims United
Gilbert G. Otero, President
California District Attorneys Association

47

★ Rebuttal to Argument Against Proposition 47 ★

Don't be fooled by the opposition's deceptive scare tactics: *Proposition 47 does not require automatic release of anyone.* There is no automatic release. It includes strict protections to protect public safety and make sure rapists, murderers, molesters and the most dangerous criminals cannot benefit.

Proposition 47 maintains penalties for gun crimes. Under Prop. 47, possessing a stolen concealed gun remains a felony. Additional felony penalties to prevent felons and gang members from obtaining guns also apply.

Proposition 47 does not reduce penalties for any sex crime. Under Prop. 47, using or attempting to use any kind of drug to commit date rape or other felony crimes remains a felony.

We have been on the frontlines fighting crime, as police chiefs of major cities, a top prosecutor, and a victims' advocate working with thousands of victims across California. We support Proposition 47 because it will:

- Improve public safety.
- Reduce prison spending and government waste.
- Dedicate hundreds of millions of dollars to K-12 schools, victims and mental health treatment.

Don't believe the scare tactics. Proposition 47:

- *Keeps Dangerous Criminals Locked Up.* Authorizes felonies for sex offenders and anyone with a prior conviction for rape, murder or child molestation.
- *Prioritizes Serious and Violent Crime.* Stops wasting prison space on petty crimes and focuses resources on violent and serious crime.
- *Provides new funding for education and crime prevention.* *Proposition 47 is sensible.* That is why it is supported by law enforcement, crime victims, teachers, rehabilitation experts, business leaders, and faith leaders.

George Gascon, District Attorney
City and County of San Francisco
William Lansdowne, Former Chief of Police
San Diego, San Jose, Richmond
Dionne Wilson, Victims' Advocate
Crime Survivors for Safety & Justice

Trademark License Agreement

This Trademark License Agreement ("Agreement") is effective as of _____ ("Effective Date"), by and between County Supervisors Association of California, Inc. dba California State Association of Counties ("Licensor") of 1100 K St., Suite 101, Sacramento, CA 95814 and CSAC Finance Corporation ("Licensee") of 1100 K St., Suite 101, Sacramento, CA 95814.

1. Scope.

WHEREAS, Licensor owns the trademarks, service marks, and/or trade names identified in Exhibit A hereto including all applications, registrations, renewals, and foreign counterparts thereof, as well as all associated goodwill and other rights at common law (the "Marks");

WHEREAS, Licensee desires to license the Marks for use in marketing and promoting Licensee's services or products identified in Exhibit B (the "Products") in California and in the United States (the "Territory"); and

WHEREAS, the parties agree that it is desirable to have this Agreement between them, which will govern the license and the use of the Marks;

NOW, THEREFORE, the parties agree as follows:

2. License.

(a) License Grant. Subject to payment of the applicable fees set forth below, Licensor grants to Licensee a term, nonexclusive, nontransferable, personal license ("License") to use the Marks, during the Term of this Agreement (defined below in Section 9) solely for marketing and promotion of the Products in the Territory and in the form approved by Licensor as provided below.

Upon prior written approval of Licensor, Licensee may sublicense the License to its subsidiaries, affiliates, distributors, wholesalers, and retailers, which have the right to market, promote, and distribute the Products ("Sublicensees"), pursuant to a written sublicense agreement that protects the Marks in terms no less protective than those set forth in this Agreement, for a sublicense term not to exceed the then-remaining Term, that is otherwise subject to all other terms and conditions of this Agreement and obligates Sublicensees to comply with U.S. export laws and controls and applicable law.

Licensee shall cooperate with and assist Licensor, at Licensor's expense, in the execution, filing, and prosecution of any trademark application(s) the Licensor may desire to pursue and, to such end, shall (i) promptly execute, acknowledge, and deliver such documents as Licensor may request to obtain, maintain, protect, and/or vest in Licensor the entire, right, title, and interest in and to the Marks and (ii) provide Licensor

with packaging, labels, and similar marketing or promotional materials reflecting use of the Marks in the Territory.

(b) Restrictions. Licensee shall not delete or modify the trademark notice applicable to the Marks and shall include same on all marketing and promotional materials created by Licensee. Licensee shall inform Licensor immediately of any infringement or misuse (including, without limitation, any adoption, use, or registration of a trademark, service mark, or trade name similar to the Marks in the Territory) and cooperate with Licensor, at Licensor's expense, in its investigation or legal proceeding or action that Licensor pursues to protect its rights in the Marks. Licensee shall not (i) register or attempt to register, during or after the term of this Agreement, any name, mark, or designation used by Licensor anywhere in the world (or any name, mark, or designation similar thereto), (ii) contest, or assist others in contesting, Licensor's ownership of the Marks, (iii) incorporate any Marks into Licensee's trademarks, service marks, company names, Internet addresses, domain names, or any other similar designations, or (iv) use Marks in any way that may cause dilution, tarnishment, or confusion or affect the validity of Marks or that may prove derogatory to Licensor's name or goodwill. Licensee shall include the applicable trademark notice on all Products and materials bearing the Marks and a legend with any publication (online or other) indicating that the Marks are owned by Licensor. Without Licensor's prior written consent, Licensee shall not use the Marks (or any mark confusingly similar to the Marks), individually or in combination, as part of Licensee's corporate or trade name or any domain name.

(c) Proprietary Rights. The License is a limited license, and Licensor retains all rights, title, and interest in and to the Marks, including any modifications or enhancements thereto, and the exclusive right to file applications, registrations, renewals, and foreign counterparts therefor. All use of the Marks hereunder shall inure to the benefit of Licensor.

(d) Export Regulations. Licensee agrees that it will not export or re-export, directly or indirectly, the Products in violation of the U.S. Export Administration Act, Trading with the Enemy Act, International Emergency Economic Powers Act, and their regulations, or into any country prohibited by an U.S. embargo list (collectively, "Export Regulations"), nor will Licensee use the Products for any purpose prohibited by Export Regulations. Licensee will obtain any license(s) that may be required for export, re-export, or use of the Products outside of the United States and shall bear any associated fees, taxes, or charges.

3. Quality Assurance Conditions.

(a) Acknowledgement of Current Quality. The quality of Licensee's Products shall exceed or remain consistent with the reputation that Licensee has established with respect to its product lines and services immediately prior to the Effective Date.

(b) Approval of Collateral. All uses of the Marks, including promotional, advertising, marketing, and sales materials for the Products that use, include, or identify the Marks ("Collateral") shall be in compliance with the terms of this Agreement and subject to Licensor's prior written approval. Licensee will submit specimens of Collateral prior to release or publication thereof to Licensor for its approval, which approval shall not unreasonably withheld or delayed. If Licensor gives notice of disapproval, the disapproved Collateral shall not be used in any manner. Once Licensor's approval has been obtained for a particular item of Collateral, further approval is not required unless the Collateral is modified in any way.

(c) Complaints. Licensee shall promptly, upon Licensor's request, provide Licensor with details of any customer complaints Licensee has received relating to the Products together with reports on the manner in which such complaints are being, or have been, dealt with and shall comply with any reasonable directions given by Licensor in respect to the complaints and the manner of dealing with the complaints.

4. Commercial Terms.

(a) Payment of Fees. In consideration of the License granted above, Licensee shall pay to Licensor, on a quarterly basis, the Licensee's excess funds for the License to use the Marks during the Term. For purposes of this payment, the term "excess funds" shall mean one hundred percent of the unrestricted assets, less a prudent reserve of six months of direct expenses.

(b) Reports. No later than 30 days after the end of each calendar year, Licensee shall provide a written report to Licensor detailing the name and address of Sublicensees and copies of the sublicenses.

(d) Audit. During the term of this Agreement and for seven (7) years thereafter, Licensee shall maintain accurate records regarding its use of the Marks and its sale of the Products. Upon reasonable prior written notice, Licensor shall have the right to audit these records during normal business hours. If Licensor's audit discloses an underpayment, Licensee shall immediately pay the amount due and owing; where the underpayment was fifteen percent (15%) or more of the amount that should have been paid to Licensor, Licensee shall also reimburse Licensor for the cost of the audit.

5. Confidentiality.

(a) Confidential Information. During the term of this Agreement, one party (the "Discloser") may provide the other party (the "Recipient") with information the Discloser has identified as "confidential" or "proprietary" ("Confidential Information").

(b) Confidential Protection. Except as expressly permitted in writing, Recipient agrees (i) not to reveal the Confidential Information to any third parties, except to Recipient's employees, contractors, or subcontractors who have a need to know and have written obligations with Recipient to protect Confidential Information, and (ii) to

take precautions, which shall be at least the more protective of (A) reasonable and prudent care or (B) those taken in safeguarding its own trade secret, confidential, or proprietary information, whether by instruction, agreement, or otherwise, to satisfy its obligations under this Agreement with respect to authorized use, protection, and security of the Confidential Information.

(c) Restrictions. The foregoing restrictions do not extend to information that (i) is at the time of disclosure already known to Recipient from a source not under a confidentiality obligation, (ii) is publicly known at the time of its disclosure through no wrongful act or breach of any obligation of confidentiality, (iii) is published or otherwise made known to the public by Discloser, or (iv) is received by Recipient from a third party who is not bound by any confidentiality obligations with respect to such information.

(d) Mandatory Disclosure. In the event Recipient is requested or required by legal process to disclose any Confidential Information, Recipient shall give prompt advance notice so that Discloser may seek a protective order or other appropriate relief. In the event that such protective order is not obtained, Recipient shall disclose only that portion of Confidential Information that its counsel advises it is legally required to disclose, provided that Recipient shall exercise its reasonable efforts to preserve confidentiality of Confidential Information including, without limitation, by cooperating with Discloser to obtain an appropriate order or other.

(e) Injunctive Protection. Recipient agrees that the wrongful disclosure of Confidential Information will cause Discloser irreparable injury that is inadequately compensable in monetary damages. Accordingly, Discloser shall be entitled to injunctive relief in any court of competent jurisdiction for the breach or threatened breach of this Section, in addition to any other remedies at law or equity.

6. Warranty.

Licensor warrants, that, to its knowledge, (a) it is the owner of all rights, title, and interest in and to the Marks with full and unencumbered right to grant the License herein; (b) the grant of the License does not violate any third party's valid United States Trademark; and (c) this Agreement does not violate any other agreement between Licensor and a third party. THE ABOVE WARRANTIES ARE LIMITED WARRANTIES AND THE ONLY WARRANTIES MADE BY LICENSOR. TO THE EXTENT PERMITTED BY LAW, LICENSOR DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING (WITHOUT LIMITATION) THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

7. Indemnity.

(a) By Licensor. Licensor shall defend Licensee, and indemnify same against damages finally awarded as the result of, third-party claims that use of the Marks violates such third party's valid legal rights, provided Licensee gives Licensor (i) prompt written notice of such claim, (ii) sole control of the defense and/or settlement of such action, and (iii) full cooperation with such defense. Licensor shall have no liability for any claim of

infringement based in whole or in part on Licensee's use of the Marks outside the License or otherwise in breach of this Agreement. If a third party's claims substantially interfere with, or Licensor believes that a third-party claim may substantially interfere with, Licensee's use of the Marks, Licensor will, at its sole cost, expense, and selection, (a) obtain a license for Licensee to continue use of the Marks, or, if not commercially reasonable to do so, (d) terminate Licensee's license to use the infringing Marks. This Section shall constitute Licensor's entire liability and Licensee's exclusive remedy for such a claim of infringement.

(b) By Licensee. Licensee shall defend Licensor, and indemnify same against damages finally awarded as the result of, third-party claims that the Licensee's Products violate such third party's valid legal rights, provided Licensor gives Licensee (i) prompt written notice of such claim, (ii) sole control of the defense and/or settlement of such action, and (iii) full cooperation with such defense. This Section shall constitute Licensee's entire liability and Licensor's exclusive remedy for such a claim of infringement.

8. Limitation of Liability.

To the extent permitted by law, and except for obligations under Sections 4 (Commercial Terms) or 7 (Indemnity), or for breach of a license grant, neither party will have any liability under this Agreement for: (a) consequential, incidental, exemplary, special, or punitive damages even if advised of the possibility of such (including, but not limited to, loss of business, profits, business information, or business interruption or any other pecuniary loss); or (b) for direct damages, actually proven, exceeding the amounts paid by Licensee for the Mark hereunder. This limitation shall be enforced even if it causes an exclusive remedy to fail of its essential purpose.

9. Term and Termination.

(a) Term. This Agreement shall commence on the Effective Date and shall continue thereafter unless terminated as provided below.

(b) Termination.

(i) Licensor may terminate the License for any reason, or no reason, at any time, upon 90 days' prior written notice.

(ii) Either party may terminate this Agreement upon 30 days' prior written notice if: (a) the other party materially breaches the Agreement and fails to cure the breach within such 30-day period; or (b) the other party files a petition seeking bankruptcy protection, has an involuntary bankruptcy petition filed against it, has a receiver appointed, or otherwise declares its inability to maintain its business or pay its debts as they become due, unless such is dismissed within 90 days of the original filing.

(c) Rights Upon Termination. Upon termination of this Agreement

(i) Licensee shall immediately cease, and shall require Sublicensees immediately to cease, use of the Marks in any way, including but not limited to removing the Marks from all Product packaging and Collateral;

(ii) Licensee shall provide Licensor with a final report (in the same format as that required by Section 3(b) above) detailing a full count of all Product units sold through the date of termination and the applicable royalty fees therefor, if any;

(iii) Licensee shall terminate all sublicenses granted to Sublicensees for use of the Marks and recover all Licensor Confidential Information from Sublicensees; and

(iv) all amounts then owed shall immediately become due and payable, and each party will cease the use of and return or destroy (and certify the destruction of) all property, including Confidential Information, of the other party in its possession or subject to its control.

10. Assignment.

Licensee may not assign this Agreement or License to anyone, including any parent, subsidiary, or affiliate or as part of the sale of any portion of its business, or pursuant to a merger, consolidation, or reorganization or operation of law, without Licensor's prior written consent.

11. Governing Law.

This Agreement and performance hereunder shall be governed by the laws of the State of California. Sole venue and jurisdiction for any proceedings under this Agreement shall be in the state and federal courts located in Sacramento County, California.

12. Force Majeure.

Except for an obligation to pay fees, neither party shall be liable for failure to perform any of its obligations under this Agreement during any period in which such party cannot perform due to matters beyond their control, including, but not limited to, strike, fire, flood, or other natural disaster, war embargo, or riot, provided that the party so delayed immediately notifies the other party of such delay.

13. Notices and Signatures.

All notices required or permitted under this Agreement shall be in writing and shall be deemed delivered when delivered in person or deposited in the United States mail, postage prepaid, registered, or certified mail, return receipt requested at the address first set forth above. Facsimile or electronic signatures shall be deemed equivalent to original signatures for purposes of this Agreement. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

14. Waiver.

The waiver or failure of Licensor to exercise in any respect any right provided for in this Agreement shall not be deemed a waiver of any further right under this Agreement.

15. Severability.

If any provision of this Agreement is invalid, illegal, or unenforceable under any applicable statute or rule of law, it is to that extent to be deemed modified in order to comply with applicable law, and the remaining provisions shall not be affected in any way.

16. Entire Agreement and Amendment.

This Agreement and its attachments constitute the entire agreement and understanding between the parties and supersedes any prior agreement or understanding whether oral or written relating to the subject matter of this Agreement. This Agreement may be modified only by a written agreement signed by both parties, and no deletion, additions, or revisions to this Agreement will be valid unless signed by both parties. The headings used herein are for convenience only and shall not control or affect the meaning or construction of any provisions of this Agreement.

The parties have caused their authorized representatives to signify their agreement to these terms by signing below.

CSAC FINANCE CORPORATION:

COUNTY SUPERVISORS
ASSOCIATION OF CALIFORNIA:

Printed Name:

Printed Name:

Title:

Title:

EXHIBIT A

Licensor's Marks:

CALIFORNIA STATE ASSOCIATION OF COUNTIES™

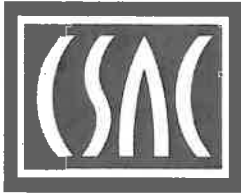


EXHIBIT B

Licensee's products and services:

- municipal finance services to California counties and to private entities that provide significant public benefit to the residents of California counties
- 457-Deferred Compensation Program for California counties
- affordable housing compliance services for California public agencies, developers, tax credit investors and conduit issuers, including training and consulting
- discount prescription card program for California counties
- pre-screening employment background investigations, drug testing, and employee hotline services for California counties
- marketplace aggregation service for various government employee discount programs
- Medicare-eligible retirees' health benefits plans for California counties
- onsite employee health clinics for California counties
- employee training and public information resources regarding social services areas, such as behavioral health, aging and people with disabilities, developmental disabilities, children and families, domestic violence and public health
- utility cost control service for California counties



CALIFORNIA STATE ASSOCIATION OF COUNTIES FINANCE CORPORATION

CSAC Finance Corporation Program Overview **September 4, 2014**

CalTRUST

CalTRUST is a JPA created by the CSAC Finance Corporation to provide a convenient method for local agencies to pool their assets for investment. Any local agency in California may directly invest in joint investment pools, such as CalTRUST and there is no requirement that a local agency become a JPA member. Local agencies can invest with CalTRUST directly, without the need for a city council or board resolution to join the JPA. Any California local agency may participate in CalTRUST.

CSCDA

The California Statewide Communities Development Authority (CSCDA) was created in 1988, under California's Joint Exercise of Powers Act, to provide California's local governments with an effective tool for the timely financing of community-based public benefit projects

U.S. Communities

U.S. Communities is the leading national cooperative purchasing program for counties, cities, schools, states, higher education and nonprofit entities. The program was originally developed by the CSAC Finance Corporation to benefit California's counties.

Coast2Coast

This program offers discount cards to endorsing county governments to offer their residents significant savings on prescription drugs, dental services, vision care, veterinary, diabetic supplies, imaging and lab work at no cost. Discounts on average approximately 55% and the company rebates a portion of their fees directly to the endorsing county.

Towers Watson

The Medicare Eligible Retiree Health Exchange Program provides significant savings on the cost of retiree healthcare.

Medcor

The onsite employee health clinic program offers significant savings in health care premiums, workers' compensation claims and absenteeism while improving the health and well-being of employees.



August 21, 2014

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California
95814

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916.441.5507

To: CSAC Executive Committee

From: David Twa
County Administrative Officers Association of California (CAOAC)
County Administrative Officer, Contra Costa County

Elizabeth Howard Espinosa
CSAC Senior Legislative Representative

RE: Update on Work of the Realignment Allocation Committee

As you are aware, the Realignment Allocation Committee (RAC) has been meeting over the last many months to develop a recommended distribution methodology for AB 109 funds. Provisions in statute specify the allocation of AB 109 funds out to the 58 counties only through 2013-14, so a new formula directing the distribution of funds beginning in 2014-15 is needed.

Since last Fall, the RAC has considered extensive county input, including an in-person meeting of the county administrative officers' association; sifted through more than 50 potential factors; and tested several dozen scenarios. The RAC landed on a tentative approach that would offer a means to address the overall funding decrease (approximately 10%) from 2013-14 to 2014-15 and phase in a new allocation methodology over several years. However, the RAC has determined that additional time is needed to explore revisions to this approach.

The RAC is mindful of timing and counties' need for additional details to avoid service and program disruptions. The RAC has met numerous times during the month of August, including an all-day, in-person meeting on August 20. We hope to have more concrete details on the recommended allocation approach by the time the Board meets in early September.

August 21, 2014

To: CSAC Board of Directors

From: Kelly Brooks-Lindsey, Senior Legislative Representative
Farrah McDaid Ting, Legislative Representative
Michelle Gibbons, Legislative Analyst

Re: Drug Medi-Cal Organized Delivery System Waiver

The state Department of Health Care Services (DHCS) is developing a federal Medicaid waiver to change the delivery of Drug Medi-Cal (DMC) services in California. DHCS convened several stakeholder meetings over the winter and spring of 2014 to discuss the current DMC delivery system and ways to improve it. DHCS released a draft paper in mid-July that focuses on programmatic and policy changes; none of the financial provisions are complete.

Federal Section 1115 Waiver Background

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to waive provisions of major health and wealth welfare programs, including Medicaid, and allows a state to use federal Medicaid funds in ways that are not otherwise allowed under federal rules. For example, the federal government could waive statewideness to allow a state to experiment with an alternative delivery system for health services.

Section 1115 waivers are approved at the discretion of the Secretary of Health and Human Services through negotiations between a state and the Centers for Medicare and Medicaid Services (CMS).

In general, section 1115 demonstrations are approved for a five-year period and can be renewed, typically for an additional three years. Demonstrations must be "budget neutral" to the federal government, which means that during the course of the project federal Medicaid expenditures will not be more than federal spending without the waiver.

The DMC waiver is being submitted to CMS as an amendment to the existing Medicaid Section 1115 "Bridge to Reform" Waiver, which is effective from November 1, 2010 to October 31, 2015. The existing waiver provides California with approximately \$10 billion in federal funds over five years for investment in California's health care delivery system to prepare for national health care reform and to sustain the Medi-Cal program. The Bridge to Reform waiver includes the following key elements:

- Coverage Expansion (Low Income Health Program)
- Delivery System Reform Incentive Pool: \$3.3 billion over 5 years
- Safety Net Care Pool: \$7.1 billion over 5 years
- Care Coordination. The waiver requires mandatory enrollment of seniors and persons with disabilities into Medi-Cal managed care.

Drug Medi-Cal Background

Drug Medi-Cal operates as a "carve out" from managed care plans. This means that the Medi-Cal managed care plans that deliver primary health care services are not responsible for providing and arranging for substance use disorder treatment services for their members. Additionally, the services are delivered by a specialized system of providers certified by the state and counties rather than through participating physicians or health plans. Drug Medi-Cal services are reimbursed on a so-called "fee-for-service" basis at maximum rates set by the state, and are not provided in a "capitated" or managed care setting.

Prior to 2014, Drug Medi-Cal provided five modes of treatment:

1. **Narcotic Treatment Program.** An outpatient service that utilizes methadone to help clients detoxify from and subsequently to maintain their freedom from narcotic dependence. Narcotic treatment clinics are also required to conduct medical evaluations, treatment planning, drug testing, and counseling. These services are limited to individuals age 18 and older.
2. **Naltrexone.** An outpatient service in which the medication Naltrexone, which blocks the euphoric effects of heroin and other opiates, is used to prevent relapse by clients who have been detoxified. Medical evaluations, treatment planning, drug testing, and counseling are also provided. These services are limited to individuals age 18 and older who are currently drug free. These services cannot be provided to pregnant women.
3. **Outpatient Drug Free.** An outpatient service in which counseling, medical evaluations, crisis intervention, and other rehabilitative services are provided to clients. At least two group counseling sessions per month are required. This service is available to all eligible Medi-Cal beneficiaries with a substance use disorder.
4. **Day Care Habilitative.** Also referred to as day care *rehabilitative*, these are more intensive outpatient services in which both group and individual counseling and other rehabilitative services are provided to clients at least three hours per day three times per week in a more structured program. These services were limited to pregnant and postpartum women and certain children under age 21.
5. **Perinatal Residential.** This mode of service, which was limited by state law to pregnant and postpartum women, includes various substance abuse counseling and rehabilitative services, education, training in child development, transportation, and coordination of additional services in treatment facilities of 16 beds or less, not including beds occupied by children. Room and board are paid for with other funding sources.

The Drug Medi-Cal program was realigned to counties in 2011. Counties are responsible for providing the non-federal match for DMC services as they existed in 2011 and for individuals eligible for DMC under pre-2014 Medi-Cal rules. Beneficiaries are entitled to receive Drug Medi-Cal services under state and federal law, meaning that they must receive services if they are eligible, regardless of the availability of funding.

In FY 2010-11 the DMC program served approximately 288,000 clients. Caseload numbers for FY 2011-12 reflect approximately 323,000 clients. The current rate of growth in DMC averages 13 percent annually. Funding for the DMC program in fiscal year 2011-12 included \$136 million in county 2011 Realignment funding and \$120 million in federal financial participation (FFP), for a total of \$256 million.

Counties have identified a number of both major and minor, short- and long-term impediments to their ability to properly manage the DMC program and maintain access to evidence-based substance use disorder (SUD) treatment services for all Medi-Cal beneficiaries. These impediments span the spectrum of program management challenges that are difficult to resolve on a county-by-county basis, including administrative and regulatory hurdles, statutory mandates, assumption of state duties, federal regulations, and potential fiscal constraints. This web of financial, statutory, and regulatory direction sometimes prevents counties from effectively managing risks and outcomes in these areas.

Approximately 80 percent of expenditures within the Drug Medi-Cal Program are on narcotic treatment programs. The methadone caseload has built slowly but steadily over the last two decades, with each client on average spending an increasingly longer period of time in treatment. Methadone maintenance has particularly strong scientific validation as being an effective means of treatment, but Methadone is also the most expensive of the five modes of treatment provided under Drug Medi-Cal with an average annual cost per client of approximately \$4,000. Additionally, Medi-Cal beneficiaries can access other medication assisted treatment (buprenorphine and vivitrol) through the fee-for-service system and the Medi-Cal pharmacy benefit.

As part of the Medi-Cal expansion in 2014, the Legislature and Governor agreed to expand the services available for substance use disorder treatment. The expansion includes:

- Intensive outpatient treatment (no longer limited to pregnant/postpartum/under 21 population)
- Residentially-based substance use disorder services (no longer limited to pregnant/postpartum population)
- Medically necessary voluntary inpatient detoxification

The Administration is responsible for the full non-federal share of cost for these expanded benefits.

DHCS originally proposed that these new services be added to the Medi-Cal program under a State Plan Amendment (SPA) that was submitted to CMS. However, CMS asked the state to remove residential services from the SPA. Please note that residential treatment facilities with more than 16 beds have been considered by CMS to fall under the Institutions for Mental Disease (IMD) exclusion and are barred from receiving Medicaid reimbursement.

DHCS recognizes that the DMC program must change to meet the new obligations of the Medi-Cal expansion under the Affordable Care Act. Provider capacity must increase exponentially to fulfill the promise of treatment. DHCS is pursuing a federal waiver to test a new model(s) for better access and care coordination within the DMC program and substance use disorder services at the county level. DHCS views the waiver as increasing the care coordination and access for individuals who qualify for the DMC program.

DMC Program Integrity Issues

There was significant press in the summer of 2013 around DMC program integrity issues and provider fraud. Most of the issues identified were with providers in Los Angeles County. In

addition, the California State Auditor released a report August 19, 2014 that identifies several problems with the current DMC system, including:

- The state approved nearly \$1 million to potentially ineligible providers between 2008 and 2013.
- DHCS and ADP authorized \$93.7 million in payments for 2.6 million outpatient drug-free services that are potentially indicative of fraudulent activity.
- Neither state department had adequate controls to identify payments made to ineligible providers and deceased beneficiaries.
- Ten providers could not locate the patient records or provide adequate documentation to justify reimbursement claims for roughly 22 percent of the services that the auditor reviewed in three counties.
- Certified providers did not disclose required background information – only one of 30 provider applicants reviewed by the auditor made complete disclosures yet the departments certified all 30.

The Auditor is recommending a number changes to DHCS regarding DMC, including:

- Ensure that providers are reimbursed only for valid services and that it coordinates with counties to recover inappropriate payments and that it develops and implements new procedures for routinely identifying and initiating recovery efforts for payments it authorized to decertified providers and deceased beneficiaries.
- Prevent certifying ineligible providers by instructing staff to identify inadequate program applications by comparing them to disclosure statements, conducting required database searches, and designating risk levels for applicants.
- Ensure that DHCS appropriately and consistently reviews provider applications by following its procedures to screen provider applicants' eligibility and retain documentation to support its certification decisions.
- Strengthen coordination between the State and counties to address gaps in their collective monitoring efforts and improve coordination between DHCS' divisions and branches to ensure it addresses fraud allegations timely.

As more information becomes available, it will be important to understand how DMC improvement efforts align with the proposed waiver.

DMC-ODS Waiver Proposal

The Administration is proposing to organize the delivery of Drug Medi-Cal services. The waiver would be an opt-in – counties would have the option of participating. For counties that do not participate, the existing Drug Medi-Cal delivery system and responsibilities would remain unchanged.

Key elements of the DMC Organized Delivery System (ODS) Waiver include:

- Creates a continuum of care for substance use disorder treatment services, including early intervention, physician consultation, outpatient treatment, case management, medication assisted treatment, recovery services, recovery residence, withdrawal management and residential treatment.

- Directs the use of an assessment tool (the American Society of Addiction Medicine, ASAM) to determine the most appropriate level of care.
- Provides for case management services to ensure that the client is moving through the continuum of care and that counties coordinate care for those residing in the county.
- Gives counties more authority to select providers, through selective provider contracting.
- Requires counties to enter into MOUs with managed care health plans for referrals and coordination. Also includes language that county substance abuse programs coordinate with criminal justice partners.
- A continuum of care for substance use disorder treatment services, including early intervention, physician consultation, outpatient treatment, case management, medication assisted treatment, recovery services, recovery residence, withdrawal management, and residential treatment.
- The use of an assessment tool (developed by the American Society of Addiction Medicine, or ASAM) to determine the most appropriate level of care.
- More authority for counties to select providers through selective provider contracting.
- Establishment of relationships between county substance use programs and managed care plans and criminal justice partners. The draft requires counties to enter into MOUs with managed care health plans for referrals and coordination, and also includes language that county substance abuse programs coordinate with criminal justice partners.

DHCS's proposal is an aspirational expansion of services and attempts to rationalize what is now an uncoordinated delivery system. If implemented, the waiver proposal would vastly improve treatment services in counties that "opt in." However, without greater financing detail, it is unclear how many counties would opt in.

A new delivery system, while desirable, must be funded, and counties will not participate in the waiver if county fiscal exposure is unknown or substantial. There are a number of proposed new activities that could be costly and administratively difficult to implement. As more information becomes available about financing, CSAC encourages you to work closely with counties so they understand the underlying assumptions DHCS is making about how care will change and costs will evolve.

As I understand the draft document, DHCS is proposing that counties operate pre-paid ambulatory plans under Medicaid law. [Please note that the document does not explicitly state this.] Essentially counties would act as specialty health plans for the delivery of substance use disorder treatment. This would be a parallel to the existing arrangement where counties operate pre-paid inpatient plans for the delivery of specialty mental health services.

Policy Considerations

CSAC has a number of outstanding policy questions associated with the DMC-ODS waiver proposal as it relates to those pre-paid ambulatory plans:

- Does it make sense to move the existing DMC fee-for-service system toward managed care? Managed care is clearly where DHCS is moving in terms of the delivery of health services statewide. How does a more managed DMC delivery system align with other local, state, and federal efforts to better integrate primary and behavioral health care?

- How will the DMC-ODS waiver amendment impact proposals that may be included in the larger Medicaid Section 1115 waiver renewal negotiations, particularly as they relate to whole person care and care integration?
- If moving DMC to a more managed care-like system is the right policy direction, are counties best positioned to deliver substance use disorder treatment services via a specialty health plan? Are there other models to deliver treatment services? What role could Medi-Cal managed care plans play, if any, in delivering SUD treatment services? Could the waiver be an opportunity to test whether Medi-Cal managed care plans can integrate SUD services into their plans? 2011 Realignment should not be viewed as impediment to this discussion.
- Do rural counties have the infrastructure to develop such specialty plans? Rural counties were able to participate in the Low Income Health Program (LIHP) under the umbrella of the County Medical Services Program (CMSP) Governing Board. Rural counties do not have the infrastructure to support a specialty plan without support and technical assistance from another entity, such as CMSP. If CMSP is unwilling to participate, DHCS should consider looking at whether a health plan(s) could help organize care in the rural counties. Otherwise, as the DMC-ODS proposal is currently drafted, it appears unlikely that rural counties would opt into the waiver.
- How does the state's yet-to-be-developed financing mechanism support the development of such plans?
- How does the existing DMC system impact consumers' ability to access services, including consumers new to Medi-Cal such as the criminally involved population (i.e. individuals leaving jails and prisons)? How would better managing DMC services change access to services for this population?
- Given counties' most recent experience with LIHPs, where reimbursement of administrative costs took three years, how can DHCS assure counties that their administrative costs associated with the plans will be reimbursed in a timely and sustainable way?
- How will the DMC specialty plans interact and coordinate with specialty mental health plans?
- How will the DMC specialty plans interact and coordinate with Medi-Cal managed care plans and providers?

Fiscal Considerations

There are a number of unanswered questions related to the initial and ongoing financing of the DMC-ODS waiver. While some of the financing questions require further discussion within California between the state, counties, and other stakeholders, CSAC assumes that a number of issues will have to be addressed with CMS as part of the waiver negotiations. Answers to some of these outstanding issues will determine whether (and how) counties participate in the waiver, including:

- **Rates.** Will the rates remain at the current state plan rates? Or will the waiver address a new methodology for setting rates at something other than state plan rates? Is DHCS considering other methodologies and are conversations occurring between DHCS and CMS regarding rate setting? Will reimbursement be cost-based for counties under certified public expenditure (CPE) provisions? Will there be a rate range? What will the rates be for the new services (e.g., recovery services, case management, other levels of withdrawal, quality assurance, quality improvement, and utilization management)?
- **Federal Financial Participation (FFP).** Will the waiver make any changes to the mechanism by which counties claim FFP? As you know, currently counties use CPEs. Are

intergovernmental transfers (IGTs) under consideration? What are the pros and cons for the state and counties of each?

- **Substance Abuse Prevention and Treatment (SAPT) Funds.** In multiple places in the proposed DMC-ODS waiver document, DHCS suggests “repurposing” SAPT block grant funds. The state and counties need to better understand how these funds are being used today to provide SUD services and the likelihood of SAPT as a continuing revenue stream. There may be unintended consequences for the SUD delivery system with SAPT repurposing. More information is needed about how the federal government is contemplating SAPT funds over time and how sustainable that revenue stream will be in both the short and long term.
- **Budget Neutrality.** More information is needed about how DHCS is contemplating crafting budget neutrality. What is DHCS proposing in terms of budget neutrality? Is DHCS anticipating any savings from the DMC-ODS waiver proposal? If so, how would those savings be reinvested in SUD treatment?
- **Institutions for Mental Disease (IMD) Exclusion.** Will FFP be made available for residential and withdrawal services in facilities with more than 16 beds?
- **Current Methodology for Funding Counties for DMC.** Historically, the state has reimbursed counties based on where beneficiaries are served, not where beneficiaries reside. So, for example, a county may have a number of treatment providers and serves as a hub for residents of multiples counties to access services. The adjoining counties may have a relatively low DMC funding allocation, while the county with the services providers has a higher allocation. In contemplating a waiver-based approach where counties can opt in or out, the county of service methodology is a more difficult allocation to contemplate. Using the county of residence as an allocation factor makes more sense in a new world under the proposed waiver. Many questions remain about how a transition to a new allocation would work under 2011 realignment.
- **Intensive Outpatient and Residential Estimates.** DHCS provided estimates in the 2014-15 Budget Act for Intensive Outpatient services and residential services. Counties need more detail on how these estimates were developed. Please note that the estimates were developed based on the current rate structure. To the extent the rate structure may change, how will the estimates change?
- **Medical Detoxification.** Currently medical detoxification (one of the new benefits) can be accessed through Fee-for-Service (not DMC). Will medical detoxification remain a fee-for-service benefit? Could medical detoxification be a benefit offered by the managed care plans?
- **Pharmacy Services.** Pharmacy services are also currently fee-for-service (not a DMC benefit and not a managed care plan benefit). Is DHCS intending to keep pharmacy services part of fee-for-service or will pharmacy be part of the waiver program?

Next Steps

DHCS is initiating conversations with CMS and the Substance Abuse and Mental Health Services Administration (SAMHSA). They have shared the draft document with federal partners. Concurrently, DHCS is working on revisions to the draft document.

CSAC submitted formal comments to DHCS outlining many of the fiscal and policy considerations raised above in the analysis. The Brown Administration has engaged CSAC and the County Behavioral Health Directors Association in more detailed conversations to resolve

outstanding questions around financing and policy. I anticipate those discussions will continue throughout the fall.

Staff will be providing regular updates to the CSAC Health and Human Services Policy; the Executive Committee and Board of Directors over the coming months.

Report to the CSAC Board of Directors

CSAC INSTITUTE HIGHLIGHTS

September, 2014



Valued Continuing Education Resource from CSAC

This February will mark the *sixth anniversary* of CSAC Institute. Starting with the first class on February 19, 2009 the popularity and demand for the Institute as a professional, continuing education resource for California Counties continues to grow dramatically. Course participation continues to grow and the average class size has increased over the last year. A number of courses have been sold out; only two courses have been postponed due to low attendance. A few data points help tell the story through the end of August, 2014:

❖ Total courses offered	175
❖ Number of individuals who have attended at least one course	2,425
❖ Number of counties who have participated	58
❖ Average number of courses/participant	2.0
❖ Number of individuals who hold an Institute Credential	129

Even more telling is how participants view the courses. The Institute conducts a written evaluation on every class. Participants rate various aspects of the class on a 1-6 scale, with six the highest score.

Several highlights for all 175 courses include:

❖ Average for "relevancy of course content"	5.4
❖ Average for "instructor effectiveness"	5.4
❖ Average for "overall value of the course"	5.2

Expansion of Locations

The Institute has partnered with the County of San Diego to offer a series of ten courses at the San Diego Operations Center. The courses are open to all counties. The county purchased 20 credential packages and agreed to fill a minimum number of seats for each class. Fiscally, the series is expected – at a minimum – to break-even financially. The series began in July and the two classes offered to date have been extremely successful and well-received. Both were full and many of the upcoming classes are already near-full. Institute staff are in discussion with several other counties which are interested in hosting a similar series in other locations across the state.

Institute Fellows

Fifteen county supervisors and senior executives completed the Institute Fellows program. Fellows must first complete their credential and then take an addition five courses plus the Fellows Seminar. As part of the three-day seminar (spread over three months) participants work on adaptive challenges they are facing in their county. These are real problems which participants make progress on through the tools, group work and feedback gained through the Seminar. These 15 individuals join 14 others for a total of 29 Fellows.

Master of Public Administration

The Institute has partnered with CSU-Northridge to offer an on-line MPA program designed exclusively for California Counties. The first cohort began in the fall, 2013 and has completed its first year. The 15 participants continue in the program for another year. The program includes three live seminars in

Sacramento open to all county managers. The next seminar is Saturday, September 20 on the topic of succession planning. The next MPA cohort is planned to begin in September, 2015.

Broad Offerings for this Fall

The fall semester includes a record offering of 26 courses plus the 2014-15 New Supervisors Institute. The semester includes a number of the most popular classes – such as Realignment 301, Negotiations & Collaboration, and Managing Conflict – plus a number of new courses suggested by participants. Among the new courses is World Class Contracting, Behavioral Health, Working with Boomers, and Cost Principles & the Supercircular. A complete schedule is attached to this report.

Annual Meeting Classes

Two special courses designed for county supervisors and senior executives will be offered at the CSAC Annual Meeting. Art & Practice of Elected Leadership and Thinking Strategically in Trying Times are offered at the end of the Annual Meeting. Both classes are taught by Dr. Rich Callahan, popular Institute instructor and professor of public policy at University of San Francisco. Both classes are well worth attending.

The Annual Meeting is also the time to kick off the New Supervisors Institute. Mike McGowan will be joining the faculty as the moderator for the Institute. The curriculum for the New Supervisors Institute continues to be improved based on participant input, and for 2014 we are completely rewriting the manual which accompanies the class. We anticipate up to 35 new supervisors will participate this fall. Please join us for a reception with the class on Monday, November 17.


Many participants continue to enroll and work on their Credentials. Institute staff expect to award as many as 20 new Credentials at the CSAC Annual Meeting in November.

Summer/Fall 2014 Course Guide

"Tell me and I forget. Teach me and I remember. Involve me and I learn." – Benjamin Franklin

27 Courses Featured in the Summer-Fall Semester at CSAC Institute

Among the highlights in this Course Guide:

- ◆ **Seven new courses**
Working With Boomers to the Supercircular - Look for the 
- ◆ **Courses available in San Diego County**
Six Institute courses are scheduled to be held in San Diego, hosted by the County of San Diego
- ◆ **Courses at CSAC Annual Meeting in Anaheim**
The New Supervisors Institute and two courses in November

Schedule at a Glance

DATE		Course	Page
JULY			
18 (F)*	Art & Practice of Organizational Leadership	120	1
25 (F)	World Class Contracting, Contract Management & Procurement	392	7
AUGUST			
1 (F)	Facilitation Practices: The Basics of Bringing People Together	377	3
14 (TH)	Climate Change & Sustainable Communities: County Practices	304	2
15 (F)*	Local Governance in California	150	4
21 (TH)	Capital Improvement Planning and Financing	155	2
SEPTEMBER			
5 (F)	Talent Development and Succession Planning	380	6
11 (TH)	Cost Principles, Reporting Requirements and the Supercircular	368	2
12 (F)	County Legislative Advocacy in Sacramento	334	3
19 (F)*	Federal Healthcare Reform and California Counties	331	3
25 (TH)	Manage Conflict (even hostility) in Comfort	360	5
26 (F)	Realignment 301: Where and How the Funds Flow	307	6
OCTOBER			
2 (TH)	Leading by Values – Strategies for the Public Sector	122	4
9 (TH)	Performance Measurement and Management	370	5
10 (F)	Negotiations and Collaboration in Complex Environments	356	5
16 (TH)	Making an Impression: Media Interviewing and Interaction	352	4
17 (F)*	Financing California Counties: A History of Funding Sources	151	4
30 (TH)	New Standards in Pension Accounting and Financial Reporting	391	5
NOVEMBER			
6 (TH)	Behavioral Health: Emerging Practices in AD&MH Services	302	2
7 (F)*	When Bad Things Happen: Managing Crises and Emergencies	357	6
13 (TH)	Working with Boomers: Practices for Younger Managers	393	6
17 – 18*	New Supervisors Institute	110	7
20 (TH)*	Art and Practice of Elected Leadership	111	1
21 (F)*	Thinking Strategically in Trying Times	363	6
DECEMBER			
5 (F)*	Financial Reporting and Budgeting for Nonfinancial Experts	369	3
11 (TH)	Leadership at the Intersection of Politics and Policy	115	4
18 (TH)	County 101: Duties, Authorities & Responsibilities of Counties	157	3

NOTE: * course in San Diego * course in Anaheim at CSAC Annual Meeting

Course Descriptions and Schedule

Discussions of real issues to develop real leadership solutions

Art & Practice of Elected Leadership 111

Leadership is a term you hear a lot, but as an elected official, how do you practice it? This course addresses the realities of leading in a turbulent political and economic environment. This timely course draws on the insights of Jim Collins' most recent book, *Great by Choice*, as well as a three-year research project on leadership and fiscal sustainability conducted by instructor Rich Callahan. The class is designed to initially invite discussion by the elected officials on the leadership challenges they have or are encountering. The course then specifically responds to those items, applying the research and empirical findings across a range of recent public sector and business sector leadership research.

Instructor: Dr. Richard Callahan is associate professor of management at the University of San Francisco. He brings practical experience researching and working with elected officials in leadership practices.

Thursday, November 20, 2014

1:30 – 5:00 p.m.

At CSAC Annual Meeting in Anaheim

Anaheim • \$86/person for counties • 2 credits • Registration limited to county elected officials

Nature and dimensions of leadership in effective county organizations

Art & Practice of Organizational Leadership 120

This interactive course designed for county executives and senior managers explores the practical applications of leadership in creating a high performing county organization – especially in tough financial times. Participants engage in discussions of key practices in formal and informal leadership, particularly in achieving sustainable change; employee engagement and team-building strategies; leadership when you're not in charge; and techniques for developing a vital workplace culture which supports organizational members.



Instructor: Dr. Frank Benest is former city manager of Palo Alto and a noted expert organizational leadership and management.

Friday, July 18, 2014

10:00 a.m. – 3:30 p.m.

San Diego • \$129/person for counties • 3 credits • Managers/Executives

Overview of county behavioral health requirements, programs, funding



California State
Association of Counties

For registration and additional details please visit www.csacinstitute.org

LEARN . GROW . ACHIEVE

Updated 28 July 2014

Behavioral Health: Emerging Practices in County Alcohol, Drug and Mental Health Services

302

This policy-level course provides decision-makers with an overview of county behavioral health services and obligations emphasizing emerging practices and innovations in service delivery. The class focuses on state and federal requirements and how they affect client program eligibility and county programs. Discussion examines Medicaid rules, Drug Medi-Cal funding, waivers, maintenance of efforts, and how county programs may be affected by new state and federal rules. Participants also examine innovative approaches to drug and alcohol programs, services to those involuntarily committed, and funding opportunities for those services.

Thursday, November 6, 2014 10:00 a.m. – 3:30 p.m.
 Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Effectively design and manage county capital improvement projects

Capital Improvement Planning and Alternative Funding Approaches

155

You've heard about a "CIP" in your county? This class will help you better understand what it is, how it is developed, management of Capital Improvement Project programs, funding sources, and what questions you should be asking. Participants examine emerging fields of alternative funding options such as Public-Private Partnerships (P3), Design Build Project Deliver and other alternative funding streams, including benefits, opportunities, and cautions. The session will look at various case studies and lessons learned. Legal issues for protecting county interests are also discussed.

Objectives

- ◆ Understand what is considered a capital improvement and the purpose of a capital improvement plan
- ◆ Describe the policies a county should consider for its capital improvement program
- ◆ Describe information that should be available to decision-makers and the community on a capital improvement program, and what to look for in that information
- ◆ Understand traditional capital project delivery (i.e. design and construction) and the basic forms of alternative delivery (CM@Risk, Multi-Prime and Design-Build)
- ◆ Learn the basics of P3 – what is it, where is it being used, what are the advantages and disadvantages for your county?



Instructors: Capital project experts from Vanir Construction Management, Inc.

Thursday, August 21, 2014 10:00 a.m. – 3:30 p.m.
 Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Six years later – SB 375 and sustainable communities

Climate Change and Sustainable Communities: County Practices

304

It has been some time since California enacted two ground-breaking bills addressing climate change. AB 32 established a landmark comprehensive program of regulatory and market mechanisms to achieve quantifiable,



cost-effective reductions of greenhouse gases (GHG). SB 375 provided a means for achieving AB 32 GHG target reduction goals from cars and light trucks through long-range transportation plans that now include anticipated land use patterns and planning for housing. These Sustainable Communities Strategies provide for more integrated and holistic regional growth strategies. This course explores the implementation of these laws and how counties have responded. Participants examine best practices from counties in creating policies and plans to help meet statewide climate goals. Emphasis is placed on the next phase of AB 32, various approaches to sustainable communities and successful regional collaboration on the plans, and best practices at the local level to reduce GHGs outside of transportation.

Thursday, August 14, 2014 10:00 a.m. – 3:30 p.m.
 Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

The Supercircular: OMB's Final Guidance on Federal Grants

Cost Principles, Reporting Requirements ... and the "Supercircular"

368

On December 26, 2013, the U.S. Office of Management and Budget issued new reporting rules referred to as the "Supercircular." This issuance impacts all general requirements for all entities – including counties and CBOs – which receive federal grants: administrative rules, cost principles and Single Audit requirements. Those new rules go into effect after Christmas, 2014. All persons and agencies who deal with federal grants will need to be aware of and prepared for the coming changes. In addition to the specifics of the Supercircular, the class will cover:




- ◆ **Administrative rules:** when approval is needed for budget changes; the responsibility for equipment remaining when the grant ends, etc.
- ◆ **Cost principles:** criteria for allowability; documentation requirements for salaries and wages, etc.
- ◆ **Single Audit requirements:** changes in the threshold for Single Audits and the required attributes of an audit finding



Course eligible for CPE credits for Certified Public Accountants.

Instructor: Sefton Boyars, CPA, CGFM, CFS from the California Certified Public Accountants (CalCPA) Education Foundation.

Thursday, September 11, 2014 9:30 a.m. – 3:30 p.m.
 Sacramento • \$129/person for counties • 3 credits • Managers/Analysts



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Continuous learning for county officials and staff

Visit www.csacinstitute.org for class schedules and registration

Exactly what are California counties authorized and responsible to do?

County 101: Duties, Authorities and Responsibilities of Counties 157

Counties have very broad authorities and responsibilities. Federal and state laws along with county-adopted policies and ordinances frame how each of the 58 counties implement those duties. With such broad responsibilities it is difficult for county officials and staff to be aware of all the duties and mandates across all departments. This class examines each county responsibility area and, at a policy level, highlights what is mandated, required and/or discretionary, and the roles and authority counties have for that service. It would also look at the history of counties in California.



Instructors: Dr. Ken Yeager is the District Four County Supervisor in Santa Clara County and former political science professor at San Jose State University. Bill Chiat is CSAC Institute Dean and former executive director of the California Association of Local Agency Formation Commissions.

Thursday, December 18, 2014 10:00 a.m.–3:30 p.m.
 Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Strategies to get your county heard in Sacramento

County Legislative Advocacy In Sacramento 334

How are laws and rules which affect counties made in Sacramento? How can counties better influence Sacramento lawmakers and rulemakers? How can counties make sure their voice is heard and considered? This class will introduce the basics of state law and rule making processes, and provide tips and contacts for making your county's voice heard in Sacramento. Participants explore best practices counties use to influence legislation and when to employ those strategies ... along with approaches to avoid. Discussion focuses on collaborative approaches and how to take advantage of the legislative services offered by CSAC.



Instructors: DeAnn Baker is CSAC Director of Legislative Affairs. Jean Hurst is CSAC Senior Legislative Representative. Plus other experts in legislative and regulatory advocacy in Sacramento.

Friday, September 12, 2014 10:00 a.m.–3:30 p.m.
 Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Valuable leadership practice for county managers

Facilitation Practices: The Basics of Bringing People Together 377

How many times have you found yourself trying to bring parties together to find common ground on an agreement, policy or study? County staff can play an important facilitative role to encourage agencies, community groups, neighborhoods and others to have a conversation to problem solve and seek solutions together. Facilitation skills are a powerful leadership practice – particularly when you don't have formal authority to work through adaptive challenges or difficult problems. Whether you facilitate teams, inter-departmental or public meetings, or any group ... the skills from this class will be of value. This workshop introduces the basics of facilitation and provides participants with



a wide range of hands-on practices and techniques. Come prepared to try your hand at group facilitation!

Instructor: Bill Chiat is CSAC Institute Dean and an experienced facilitator of complex internal and community groups.

Friday, August 1, 2014 10:00 a.m.–3:30 p.m.
 Sacramento • \$129/person for counties • 3 credits • Managers/Staff

How the affordable care act is affecting counties and clients.

Federal Healthcare Reform and California Counties 331

The federal Patient Protection and Affordable Care Act is now law and counties are beginning to understand its implementation. This course provides a balanced, fact-based discussion of how federal health care reform is being implemented in California and its effect on county health, mental health and social services.

Four key areas focus the course: 1) case studies of the implementation and effects on county services and funding; 2) who is left uninsured and how to manage those populations; 3) jail medical, behavioral health and other linkages; 3) effect on realignment and other funds; and 4) observations on where we are headed on health care and counties as medical providers. Discussion addresses specific county programs and funding and how those are changing as the law is implemented. Other issues examined include trends in how people are using their new insurance to seek health care, county responsibilities for the uninsured, potential impacts on future realignment funding.



Instructors: Expert faculty on the Affordable Care Act and its specific application to California counties, including Judith Reigel, Executive Director, County Health Executives Association of California.

Friday, September 19, 2014 10:00 a.m.–3:30 p.m.
 San Diego • \$129/person for counties • 3 credits • Staff/Elected Officials

Overview for decision-makers, elected officials and managers to understand and interpret county financial reports

County Financial Reporting and Budgeting for Nonfinancial Experts 330

This course provides the tools for decision-makers, elected officials, senior managers – other than accountants and auditors – who want to have an overview understanding of government financial reporting. Participants discuss budgets, financial statements and the audit, and at the 30,000' level what each of those is saying (or not saying!). Participants should bring questions about terms or concepts they have encountered as part of their interaction with county and government financial reporting. The discussion reviews terms and definitions used with government financial reporting and strategies on how to read financial statements and auditor reports to identify critical information. Participants explore an approach to use with budgets to identify assumptions they include.

Instructor: Laura Lindal, CPA, is an experienced auditor and an instructor for the California CPA Education Foundation.

Friday, December 5, 2014 10:00 a.m.–3:30 p.m.
 San Diego • \$129/person for counties • 3 credits • Staff/Elected officials

Understand context of county-state revenue relationships

**Financing California Counties:
A History of Revenue Sources**

151

Have you found yourself overwhelmed trying to understand the county revenue sources and funding stream? And how we ended up with this complex system? This course provides an in-depth examination of county revenue sources and how they have evolved. Exploring the context of county funding decisions by Legislative and the Administration over the last 40 years is critical in understanding the current state-county funding and revenue relationships. The class examines the history and consequences of major elements in county revenues including: Proposition 13, 172, 1A, Vehicle License Fees, Realignment, ERAF, property tax allocations and more. You'll leave with a clearer appreciation and understanding of county revenues.



Instructor: Diane Cummins is Special Advisor to the Governor on State and Local Realignment.

Friday, October 17, 2014 10:00 a.m.–3:30 p.m.
San Diego • \$129/person for counties • 3 credits • Staff/Elected officials

Practical politics, personal leadership and effective governance

**Leading at the Intersection of
Politics and Policy**

115

E pluribus unum – Out of many, one. Public officials serve as trustees of the people. You come with expectations, values, principles, and anticipated means to achieve desired ends. Boards deliberate with many voices, but must govern as one. This class is an energetic discussion of the balance governing board members must maintain at the intersection of politics and policy. Conversation topics include strategies for expressing and encouraging dissent in board discussions, civility in public debate, handling intense passion or political pressure, surviving a split vote, how to work with those who oppose your interests, representing board decisions in which you disagreed ... and other leadership challenges. Ideal for County Supervisors, elected officials and all those who serve on or for boards.



Instructors: Dr. Ken Yeager is the District Four County Supervisor in Santa Clara County. Matt Rexroad is the District Three County Supervisor in Yolo County.

Thursday, December 11, 2014 10:00 a.m.–3:30 p.m.
Sacramento • \$129/person for counties • 3 credits • Elected officials/Execs

What are your core values and how do they affect your leadership?

**Leading by Values – Strategies for
Success in the Public Sector**

122



Understanding the relationship of values to decisions can be a helpful decision-making tool. Focusing on commonly held (although sometimes competing) values underlying difficult policy dilemmas can help

leaders bridge differing perspectives—either while policies are being debated or after difficult decisions have been made and need to be explained. In addition, clearly articulated organizational values provide staff with important information on an organization's priorities. This course explores the role values play in both personal and organizational leadership, strategies to consider in modeling organizational values, and approaches to making and explaining difficult decisions.

Instructors: John King is internationally recognized as a senior teacher, coach, and program leader.

Thursday, October 2, 2014 10:00 a.m.–3:30 p.m.
Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

JPA-Special Districts-LAFCo-COG-Cities-CSA-MAC: What do they all do?

**Local Governance in California:
All Those Agencies!**

150

California has a complex system of providing services through local governments. This course provides an overview of local government structure and responsibilities in California. You'll learn the basics of all the local agencies and how they interrelate with county responsibilities. A brief history of California governance is followed by a review of the roles and responsibilities of the state, cities, counties, special districts and an alphabet soup of other local agencies. Discussion highlights the authority and responsibilities of the county as it relates to other agencies through a county case study on the interrelationships of all these local agencies.

Instructor: Bill Chiat, CSAC Institute Dean and former executive director of the California Association of Local Agency Formation Commissions.

Friday, August 15, 2014 10:00 a.m.–3:30 p.m.
San Diego • \$129/person for counties • 3 credits • Staff/Elected Officials

Hands-on workshop in media relations

**Making an Impression: Effective Media
Practices**

352

Every call from the news media for an interview presents both risk, and an opportunity to make a positive impression. This course helps seasoned professionals and elected officials understand the news media, how it works and why it works the way it does. The course will also help polish interviewing skills, staying on message and bridging back to main messages. The course covers practical strategies for planning, preparing and delivering interviews that get your message across in a way that can be retained by the audience. Participants build their skills for live, taped and phone interviews. Hands-on work includes practice labs, videos and constructive critiques from media professionals.



Instructors: Gregg Fishman is Public Information Officer for the California State Association of Counties and a former broadcast journalist. Marshall Wilson is Communications Director in the San Mateo County Manager's Office.

Thursday, October 16, 2014 10:00 a.m.–3:30 p.m.
Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Facilitate conflict constructively

Manage Conflict (even hostility) In Comfort 360

Conflicts and disagreements are a fact of life. They can contribute to better outcomes or can lead to an escalating situation. Transform the most difficult circumstances into a satisfying experience for all involved. This course helps County elected officials and executives identify constructive approaches to positively managing conflict whether from the dais, in a meeting, or one-on-one. Participants analyze their own response to conflict and develop tools to quickly assess and respond to difficult situations and create practical, positive outcomes.

Instructor: Dr. Laree Kiely is president of the Kiely Group; organizational effectiveness consultants, and a professor at the USC Marshall School of Business.

Thursday, September 25, 2014 10:00 a.m.–3:30 p.m.
Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Achieve outcomes in everyone's best interest

Negotiations and Collaboration in Complex Environments 356



Negotiation is “a back and forth interaction among two or more people who wish to arrive at a mutually agreeable outcome where the parties have some interests in common and some that are opposed.” This definition from Fisher and Ury’s book *Getting to Yes*


describes most “Public Good” negotiations. Solution-Based Negotiation teaches participants how to achieve the most beneficial outcomes for all negotiating parties while ensuring the outcomes are in the best interest of the public while the negotiating parties’ relationships end positively. This course covers the most current tried and tested behaviors in the field of negotiation and gives you tools that will be immediately useful in your work. Best of all, it can help you serve your constituents in the best possible ways without needless compromise.

Instructor: Dr. Laree Kiely is president of the Kiely Group; organizational effectiveness consultants, and a professor at the USC Marshall School of Business.

Friday, October 10, 2014 10:00 a.m.–3:30 p.m.
Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

New disclosure and valuation requirements for county pensions

New Standards in Pension Accounting and Financial Reporting 391

GASB’s Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68, Accounting and Financial Reporting for Pensions, both replaced 17-year-old pension standards and made significant changes to accounting and financial reporting. One of these changes will now record and display the net pension liability on the county’s Statement of Net Position. 


A must for county auditors and financial staff and those responsible for employee pension benefits, this course will cover expanded disclosure requirements and actuarial valuation requirements. Other topics include: financial reporting for government agencies and pension plans; total pension liability and net pension liability; published financial statements of a county and of a pension plan; and the actuarial valuation requirements, including the Annual Required Contribution. *Course eligible for CPE credits for Certified Public Accountants.*

Instructor: Gary M. Caporicci, CPA CGFM is a senior partner and co-founder of Caporicci & Larson, Certified Public Accountants.

Thursday, October 30, 2014 9:30 a.m.–3:30 p.m.
Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Key best practice for counties

Performance Measurement and Management: Accountability for Results 370

Performance measurement is an emerging best practice in county organizations to better manage resources and explain to the community how county resources are used. Organizations such as California Forward emphasize the use of performance measures to encourage more effective use of public resources. This class provides an overview to performance measurement and its techniques to measure and share with community on what citizens are getting for their money. Discussion highlights the benefits and costs of performance measurement, how it can be of value to counties, how to design and implement a measurement system and the pitfalls to avoid. 

Instructor: Dr. Laree Kiely is president of the Kiely Group; organizational effectiveness consultants, and a professor at the USC Marshall School of Business.

Thursday, October 9, 2014 10:00 a.m.–3:30 p.m.
Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Earn the CSAC Institute Credential



Join the more than 100 County Supervisors and senior staff who have earned their credential.

The credential recognizes individual commitment to continued professional development for those who complete 30 credits or more of Institute courses.

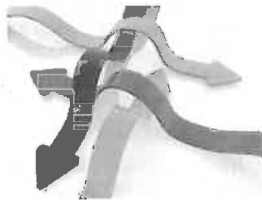
Learn more at www.csacinstitute.org or at any CSAC Institute class.

Detailed overview of realignment accounts and funding streams

**Realignment 301:
Where and How the Funds Flow** 307

Updated with 2014 Changes to 1991 and 2011 Realignment Formulas! This advanced course focuses on the funding and financial elements of 1991 and 2011 realignment updated with 2014 changes, including new legislation this summer which modifies 1991 funding formulas. Detailed discussions examine specifics of fiscal issues: structure and allocation of local funds; flow of funds in human services, public safety, health, behavioral health, and other programs; forecasting and tracking realignment, VLF and Prop 172 funds; fund growth; and other fiscal issues. Among the featured topics:

- ♦ Forecasting and projection models and tools with 2014 formula changes
- ♦ Funding details for all the health, support services and public safety programs linked to 1991 and 2011 realignment accounts
- ♦ Detailed resource materials
- ♦ County best practices and policies



A basic understanding of realignment is recommended for participants in this class.

Instructors: Andrew Pease, Finance Director, San Diego County Health and Human Services Agency; Robert Manchia, San Mateo County Human Services Agency; and Dorothy Thrush, Public Safety Group Finance Director, San Diego County.

Friday, September 26, 2014 10:00 a.m. - 3:30 p.m.
Sacramento ♦ \$129/person for counties ♦ 3 credits ♦ Staff/Elected Officials

New ways to think and work through enduring problems

**Thinking Strategically
in Trying Times** 363

This intense seminar discusses the challenges of strategic agility with the critical, enduring problems counties face. The focus is on the art of possibilities. Participants examine separating probabilities (what's likely to happen) from possibilities (what could happen) and applying concepts of creative and strategic thinking to find different paths to solutions. The conversation provides strategies to question assumptions; identify the environmental issues; distinguish strategies from tactics; use team resources, and structure learning from experience.

Instructor: Dr. Rich Callahan is associate professor of management at the University of San Francisco. He brings practical experience working with elected officials in leadership practices.

Friday, November 21, 2014 8:30 a.m. - Noon
At the CSAC Annual Meeting in Anaheim
Anaheim ♦ \$86/person for counties ♦ 2 credits ♦ Staff/Elected Officials

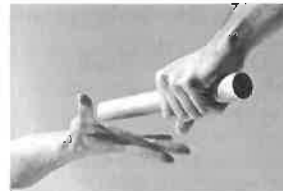
**Cost Effective Solution
for County Training**

Registration fee includes professional instruction, course materials, certificate and lunch* (*3-credit classes only)



Build organizational capacity from within the county

**Talent Development and
Succession Planning** 380



This interactive course will confront the "retirement wave" of baby-boomers leaving local government and explore strategies and best practices to create effective leadership development and succession planning programs in county government. The course

includes case examples, small group discussions as well as presentations. Discussion highlights: workforce demographic challenges facing county government; why talent development and succession planning are key to building organizational capacity, especially in tough times; steps to get started; and best practices and lessons learned from leadership development and succession planning programs.

Instructors: Dr. Frank Benest, former city manager of Palo Alto and a noted expert in succession planning, Donna Vaillancourt is the Human Resources Director for San Mateo County.

Friday, September 5, 2014 10:00 a.m. - 3:30 p.m.
Sacramento ♦ \$129/person for counties ♦ 3 credits ♦ Staff/Elected Officials

Prepare for organizational scandals and crises

**When Bad Things Happen:
Managing Crises and Emergencies** 357

Counties are prepared for natural disasters ... but what about federal and state investigations, embezzlement of county funds, arrest or death of an official, program failure, scandals uncovered and other unexpected situations. *Are you prepared?*

This course focuses on the communications principles required to properly anticipate and respond to organizational crises. Case studies are analyzed to identify successful and unsuccessful agency responses. A specific set of steps are examined to prepare a communications response, including role assignments, strategies and tactics which target affected audiences, key messages which tell the county's story, and delivering the response via the media and other communications vehicles. Techniques are shared for response options, sample messages, understanding media perspective and how to avoid common pitfalls and missteps.



Instructors: Sheri Benninghoven, APR is President of SAE Communications. Scott Summerfield is an expert in public agency strategic communications.

Friday, November 7, 2014 10:00 a.m. - 3:30 p.m.
San Diego ♦ \$129/person for counties ♦ 3 credits ♦ Staff/Elected Officials

Practical Approaches to Supervision and Conflict Resolution in Contemporary, Multi-Generational Workplaces

**Working with Boomers: Leadership
Practices for Younger Managers** 393

Today's workplaces are characterized by multigenerational work forces which may span 40 years or more. With more older workers staying or returning to the workplace, members of Generation X and the Millennial



generation in leadership and management roles are finding themselves working not only with younger generations – but increasingly managing or leading those of older generations.

This course examines the characteristics of major U.S. generational groups and their impact on the workplace. With an emphasis on “peer personalities” participants explore manager to subordinate and subordinate to manager relationships across the generational groups. Practical approaches are examined to better understand and work across generations. Participants discuss techniques to recognize dissent and manage conflict based in cultural differences and generational gaps; how to work with people in generational conflict; how to recognize their own positions which might interfere with communication; and how to find common interests to overcome generational position-based conflicts at work.



Instructors: Jennifer Kalfsbeek, Ph.D. is Assistant Dean for Program Development, Tseng College of Graduate Studies, CSU-Northridge.

Thursday, November 13, 2014 10:00 a.m.–3:30 p.m.
Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Manage county resources effectively and efficiently

World Class Contracting, Contract Management and Procurement

392

Every County or public entity requires the effective procurement of goods and services in order to successfully achieve its mission, business objectives and meet the needs of its constituents. This class provides insight into fundamental principles of public contracting and procurement, the role of contracting and procurement within your organization, as well as, best in class strategies which lead to effectively and efficiently meeting your requirements. Session will cover both the principles and key elements of contract



management and procurement, and will provide participants a broad understanding of various contracting approaches, best practices, and will discuss practical examples. Prior and during this session, participants will be invited to submit specific contracting and procurement situations and questions, which they would like to be discussed during the session.



Instructor: Jack Pellegrino, CPCM is the Director of Purchasing and Contracting for the County of San Diego and an Instructor at San Diego State University. He is a Certified Contracts Manager.

Friday, July 25, 2014 10:00 a.m.–3:30 p.m.
Sacramento • \$129/person for counties • 3 credits • Staff/Elected Officials

Jump-start your first term as a newly elected County Supervisor

New Supervisors Institute

110

So you've just been elected as County Supervisor. Now what? This series of three sessions is designed to help you hit the ground running. The series examines the basics of county governance. Hear tips and tricks from experienced supervisors on establishing your office, roles and responsibilities, ten top questions to ask of staff, legal obligations and much more.



The first session is held just before the CSAC Annual Meeting in November and provides the unique opportunity to develop a network amongst all the Supervisors-Elect which will last through your career.

Objectives of Session 1

- ♦ Describe roles, responsibilities and legal obligations of a county supervisor.
- ♦ Identify ten questions to ask the CAO/CEO and department directors.
- ♦ Understand the role of a supervisor and the CAO/ CEO in county governance and management.
- ♦ Appreciate the dynamics of Board interaction and the strategies to accomplish goals.
- ♦ Effectively approach the first 90 days in office.
- ♦ Build a lasting network of peers to consult with and share ideas.



The three sessions of the Institute provide a unique venue for new County Supervisors to meet their colleagues and learn important information, protocols and practices to help them better understand the requirements and environment of their new office. The Institute is designed to complement new supervisor orientations offered by the county.

Session I will be held in Anaheim in conjunction with the CSAC Annual Meeting. The Institute will conclude at 11:30 a.m. on Tuesday, so participants may attend the Orientation Session for new Annual Meeting attendees. Sessions II and III will be held at the CSAC Conference Center in Sacramento.

For registration and fees, please contact Institute Registrar Chris Feusahrens at cfuesahrens@counties.org or 916/327-7500.

Session 1

Monday, November 17 – Tuesday, November 18, 2014
Anaheim • Supervisors-Elect • 6 credits for completion of all three sessions

Session 2

Thursday, February 26 – Friday, February 27, 2015*
Sacramento

Session 3

Thursday, April 23, 2015*
Sacramento



*Tentative dates subject to confirmation

Summer-Fall 2014 Schedule Institute Courses by Topic

DATE		Course	Page
LEADERSHIP			
July 18*	Art & Practice of Organizational Leadership	120	1
Aug 1	Facilitation Practices: The Basics of Bringing People Together	377	3
Sept 5	Talent Development and Succession Planning	380	6
Sept 25	Manage Conflict (even hostility) in Comfort	360	5
Oct 2	Leading by Values - Strategies for the Public Sector	122	4
Oct 9	Performance Measurement and Management	370	5
Oct 10	Negotiations and Collaboration in Complex Environments	356	5
Oct 16	Making an Impression: Media Interviewing and Interaction	352	4
Nov 7*	When Bad Things Happen: Managing Crises and Emergencies	357	6
Nov 13	Working with Boomers: Practices for Younger Managers	393	6
Nov 20#	Art and Practice of Elected Leadership	111	1
Nov 21#	Thinking Strategically in Trying Times	363	6
Dec 11	Leadership at the Intersection of Politics and Policy	115	4
POLICY and GOVERNANCE			
July 25	World Class Contracting: Contract Management & Procurement	392	7
Aug 14	Climate Change & Sustainable Communities: County Practices	304	2
Aug 15*	Local Governance in California	150	4
Aug 21	Capital Improvement Planning and Financing	155	2
Sept 12	County Legislative Advocacy in Sacramento	334	3
Sept 11	Cost Principles, Reporting Requirements and the Supercircular	368	2
Sept 19*	Federal Healthcare Reform and California Counties	331	3
Sept 26	Realignment 301: Where and How the Funds Flow	307	6
Oct 17*	Financing California Counties: A History of Funding Sources	151	4
Oct 30	New Standards in Pension Accounting and Financial Reporting	391	5
Nov 6	Behavioral Health: Emerging Practices in AD&MH Services	302	2
Dec 5*	Financial Reporting and Budgeting for Nonfinancial Experts	369	3
Dec 18	County 101: Duties, Authorities & Responsibilities of Counties	157	3
Nov 17-18#	New Supervisors Institute	110	7

NOTE * course in San Diego # course in Anaheim at CSAC Annual Meeting



CSAC Institute for Excellence in County Government is a professional, practical continuing education program for county staff and officials. Its goal is to expand capacity and capability of county elected officials and senior staff to provide extraordinary services to their communities. The Institute is a program of the California State Association of Counties (CSAC) and established in 2008. The Institute is supported by CSAC, the California Counties Foundation (a 501(c)(3) charity), grants from organizations and foundations, and course registration fees.

Course Locations

Sacramento – Courses are held in downtown Sacramento at the CSAC Conference Center (1020 11th Street) or nearby location.

San Diego – Courses are hosted by the County of San Diego and held at the new County Operations Center in Kearny Mesa (Overland Avenue and Claremont Mesa Boulevard) in San Diego.

Course Registration and Fees

Registration – Course registration is done on-line. *Advance registration is required.* Because of limited class size we cannot accommodate registration at the door. To register for a class please visit www.csacinstitute.org. Please contact Institute Registrar with any registration questions or problems.

Fees – Course tuition includes instruction, materials, certificate and lunch (for 3-credit classes). All county staff and officials are eligible for the special county rate of \$43/credit. Staff from county-partnered CBOs, CSAC Corporate Members and CSAC Affiliate Members are also eligible for this special registration rate. On a space-available basis, courses are open for others to attend. The regular registration fee for non-counties is \$117/credit.

Discounts – Reduced tuition is available when individuals register for three or more classes at the same time or purchase the Credential Package. Save at least 15%/class with these options.

The Institute is developing an additional package for counties to save on registration fees. Soon counties can purchase a bulk package of course registrations at a discount to distribute to staff. For more information please contact the Institute Dean.

Host CSAC Institute Courses in Your County

The Institute partners with counties to offer Institute classes at county sites. For information on hosting a series of classes in your county, please contact the Institute Dean.

Master of Public Administration Degree Program

CSAC Institute has partnered with California State University – Northridge to offer an on-line MPA degree program exclusively for county staff and officials. The two-year program is personalized for counties and the reduced tuition provides a unique opportunity to earn the advanced degree. The next cohort is planned to start in September, 2015. Special workshops for interested individuals are scheduled for Sacramento this September and January. Contact the Institute Dean for information.

Contact Us

Institute Dean Bill Chiat bchiat@counties.org
Institute Registrar Chris Feusahrens cfeusahrens@counties.org
 916/327-7500



COST-EFFECTIVE SOLUTION FOR COUNTY ELECTED OFFICIALS AND SENIOR STAFF PROFESSIONAL DEVELOPMENT

*Registration fees includes professional instruction,
course materials, certificate and lunch*

Course schedule and descriptions subject to change.

Visit www.csacinstitute.org for:

- * Up-to-date schedule and course information
- * Special class and workshop additions
- * Institute Credential Programs
- * Institute Fellows
- * Tuition discounts and scholarships





INSTITUTE FOR LOCAL GOVERNMENTSM

Update on Activities

September 2014

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Assistant to the City Manager

City of El Cajon

The Institute for Local Government (ILG) is the research and education affiliate of the California State Association of Counties and the League of California Cities. ILG promotes good government at the local level with practical, impartial and easy-to-use resources for California communities. Our free resources on ethics and transparency, local government basics, public engagement, sustainable communities and the Cities Counties School (CCS) Partnership are available at www.ca-ilg.org.

Highlights

- ILG initiated technical assistance projects with:
 - County of Contra Costa Transportation Authority on their strategic public engagement readiness.
 - The City of Turlock on their district elections;
 - The City of Merced and the City of Paterson on their Climate Action Plans; and
 - The Town of Paradise on a sales tax measure.
- ILG has created new resources on public engagement and technology, leadership, ethics and housing (see links below).
- “Technology, Tools and Techniques to Improve Public Engagement” webinar attracted over 150 attendees.

Conference Sessions and Trainings

- In May, staff provided a communications training to the City of Mill Valley’s leadership group.
- In May, staff participated in a “blue ribbon” panel on transparency, public engagement and performance measurement in Santa Clara.
- In June, ILG Program Manager Sarah Rubin, was a panelist for a CSUS session on “Avoiding the Cliff: Bankruptcies in California.”
- In June, ILG staff attended the Statewide Energy Efficiency Collaborative (SEEC) Forum in San Diego. At the Forum, Program Director Steve Sanders, attended the San Diego Region Policymakers Dinner Forum where 25 local elected officials, county administrative officers and city managers discussed how regional initiatives and state resources will support local energy leadership and climate resilience in the San Diego area.

Promoting Good Government at the Local Level

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- ILG held an AB 1234 training session at the California Latino Legislative Caucus' Elected Officials Academy.
- In July, ILG staff lead a training in Chowchilla, "Strategies for Successful Group Meetings" sponsored by the City Clerk Association of California: Central Division.
- In July, staff attended the Statewide Community Schools Network Planning Workshop to discuss development of, and next steps, for the Network.

Technical Assistance

- Contra Costa Transportation Authority – ILG is working with the Contra Costa Transportation Authority on strategic public engagement readiness and team building.
- Turlock – The City of Turlock is considering a switch to district-based elections from the current at-large system due to the threat of multi-million dollar litigation. ILG is assisting the city in their civic involvement and education effort. From this, the Institute is hoping to develop a set of best practices tools that other cities in California facing this issue may benefit from.
- Merced – ILG is assisting the City of Merced in increasing public participation and community knowledge in the preparation of the city's implementation program for its climate action plan, with a particular focus on energy efficiency, health and economic development.
- Patterson – ILG is assisting the City of Patterson in participating in the Beacon program, including providing consultation and advice to the city in developing a climate action plan and implementation strategy that builds on the city's adopted Sustainability Strategy, General Plan and recent investments in renewable energy and energy efficiency projects.
- Town of Paradise – ILG is working with the Town of Paradise to solicit recommended public priorities on a sales tax measure.

Webinars

- ILG hosted a free webinar "Technology, Tools and Techniques to Improve Public Engagement" in June for local officials and staff. The webinar recording and presentation slides are available online at www.ca-ilg.org/post/technology-tools-and-techniques-improve-public-engagement.

Publications and Resources

- *Broadening Public Participation Using Online Engagement Tools* - provides local officials with a guide to both choosing and using software specifically designed to enable consulting with the public online to enhance local decision-making (www.ca-ilg.org/post/broadeningpublicparticipation).
- *Online Engagement Guide* – is a 5 part series that outlines online engagement strategies and emerging technologies (www.ca-ilg.org/online-engagement-guide).

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- *Technology, Tools and Techniques to Reach Your Community* - discusses emerging technologies local governments can use to expand public engagement efforts (www.ca-ilg.org/post/technology-tools-and-techniques-reach-your-community).
- *Use Free Technology to Enhance Public Meetings* - highlights technology ILG offers to local governments on loan to enhance public meetings (www.ca-ilg.org/post/using-technology-more-participation-during-public-meetings).
- *Community Leadership Programs: Empowering Future Leaders* – discusses the mutual benefits of community leadership development programs to both local governments and their communities (www.ca-ilg.org/post/community-leadership-programs-empowering-future-leaders).
- *Communities Schools Partnerships Toolkit*- The CCS Partnership launched an online toolkit to help local officials explore opportunities to create customized partnerships, or community schools, in service to a community’s children and families. Community schools partnerships are strategies and programs to improve outcomes for children, families and the greater community through enhanced access to services and support from non-profits, businesses, social service organizations and government agencies (www.ccspartnership.org/resources/community-schools-partnerships).
- *Deciding When to Step Aside From the Decision-Making Process: Abstentions and Disqualifications* - explores when officials must step aside from the decision-making process (www.ca-ilg.org/post/deciding-when-step-aside-decision-making-process-abstentions-and-disqualifications).
- *City of San Rafael: The First-Ever Beacon Award Winner* – recognizes the City of San Rafael as the first ever Beacon Award winner and examines how they achieved the award (www.ca-ilg.org/post/city-san-rafael).
- *Be a Beacon: The Power of Recognition* –highlights the Beacon Program and the benefits available to participating cities (www.ca-ilg.org/post/be-beacon-power-recognition).
- *When Tragedy Strikes: A Leader’s Role, Revisited* – discusses the values a leader should consider when dealing with the aftermath of a tragedy in their community (www.ca-ilg.org/post/when-tragedy-strikes-leaders-role-revisited).
- *Engaging the Public in Planning for Housing* - outlines steps that local officials can take to ensure that that their community is part of the process (www.ca-ilg.org/post/engaging-public-planning-housing-0).

Boards of Directors

- At the May ILG Board meeting, Jim Mayer, California Forward’s Executive Director, provided an overview of California Forward’s newest initiative - Partnership for Economic Prosperity. The Partnership is a non-partisan, regions-driven process that promotes economic, social and environmental progress throughout California. To learn more go to www.cafwd.org.
- The ILG Board had a retreat in August. Agenda items included: securing and expanding funding, work planning for the remainder of 2014 and potential partnerships.

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- The CCS Partnership Board (including county representatives Matt Cate, Dave Cortese, John Gioia, Don Saylor, Brad Wagenknecht and Alan Fernandes) met on May 2 to discuss funding the next generation and restorative justice. The next CCS board meeting is October 24. In addition to general administrative matters, the key focus of the meeting will be mental health services.



County Counsels' Association of California

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MEMORANDUM

To: Supervisor John Gioia, President, and
Members of the CSAC Board of Directors

From: Jennifer Henning, Litigation Coordinator

Date: September 4, 2014

Re: Litigation Coordination Program Update

This memorandum will provide you with information on the Litigation Coordination Program's new case activities since May 15, 2014.

Ardon v. City of Los Angeles

Pending in Second District Court of Appeal (filed Nov. 14, 2013)(B252476)

This started out as a tax refund case, which went all the way to the Supreme Court. The case was remanded after the 2011 Supreme Court ruling, and a new issue arose related to the Public Records Act and attorney client privilege. Several documents the city had withheld under a claim of privilege were inadvertently released by city staff to Ardon in response to a PRA request by Ardon's counsel. Ardon's counsel notified the city that the documents were in Ardon's possession and the city requested that the documents be returned and all copies be destroyed. Ardon's counsel refused contending that the law is clear – the city statutorily waived any privilege that may have applied. The city filed a motion in Los Angeles Superior court for the return of the documents and also to have Ardon's counsel disqualified for violating ethical standards. The trial court denied the city's motion, concluding that the city waived any applicable privileges by disclosing the documents to Ardon's counsel. The city appealed and the issue is now pending before the Second District Court of Appeal. CSAC has filed a brief in support of the City of Los Angeles.

Gonzalez v. City of Anaheim

--- F.3d ---, 2014 U.S.App.LEXIS 5895 (9th Cir. Mar. 31, 2014)(11-56360)(en banc), *cert petition pending* (filed July 30, 2014)(11-56360)

After being nearly hit by a vehicle driven by Adolf Gonzalez, two officers pulled him over. The officers saw Gonzalez hide a baggy and ordered him out of the car. He refused to comply and despite force used by the officers, including one of the officers getting into the vehicle and

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striking Gonzalez with a flashlight, Gonzalez got the car into gear and started to drive away with the officer still in the car. At that point, the officer shot Gonzalez, who died shortly thereafter. Gonzalez's family brought claims for violations of Gonzalez's Fourth and Fourteenth Amendments. The district court granted summary judgment for the officers, holding that officers may use a reasonable amount of force to gain compliance. A panel of the Ninth Circuit affirmed, holding the force used was not excessive. But en banc review was granted, and the full court reversed summary judgment. The court found that because there was some conflicting testimony in the record about how fast the car was traveling, and how far it had been driven before the officer fired his shot, a full trial would be required. Four judges dissented, stating: "The only thing this remand [for trial] will accomplish is to give plaintiffs a bludgeon with which to extort a hefty settlement. The Supreme Court should foil the plan with a swift summary reversal." CSAC will file a brief in support of the City of Anaheim.

Jackson v. Barnes

--- F.3d ---, 2014 U.S.App.LEXIS 6962 (9th. Cir. Apr. 15, 2014)(09-55763),
petition for rehearing en banc pending (filed Apr. 29, 2014)

Jackson's conviction for first degree murder was overturned after it was determined that the conviction was based on statements obtained from Jackson in violation of his Miranda rights. Jackson brought a Section 1983 action against the Ventura County Sheriff's Department and District Attorney's Office for violation of his Fifth Amendment rights. Jackson was convicted in a subsequent trial without the use of the statements. The district court granted a summary judgment motion in favor of the defendants in the Section 1983 action and Jackson appealed. The Ninth Circuit reversed, concluding that although Jackson was incarcerated for other convictions, he may still be entitled to damages, even if the damages are nominal. CSAC will file a brief in support of US Supreme Court review if the Ninth Circuit denies rehearing.

Keep Our Mountains Quiet v. County of Santa Clara

Pending in the Sixth District Court of Appeal (filed May 30, 2014)(H039707)

Santa Clara County approved a use permit for weddings and similar events at a winery. The mitigated negative declaration included noise experts and traffic studies indicating either no significant impacts or that impacts could be fully mitigated. CalTrans agreed that no significant traffic impacts would result. Neighbors opposed the project, providing competing noise experts disputing the methodology of the noise study, but not the conclusions. They also disputed the traffic conclusions, but without any expert testimony. On the basis of the neighbors' traffic comments and their noise experts, the trial court concluded that a fair argument was made, and ordered preparation of an EIR. Santa Clara County has appealed, and CSAC has filed a brief in support of the county.

Klug v. City of Laguna Beach

Unpublished Opinion of the Fourth Appellate District, 2014 Cal.App.Unpub. LEXIS 5234 (4th Dist. Div. 3 July 23, 2014)(G048554), *request for publication pending* (filed Aug. 18, 2014)(S220612)

Plaintiffs purchased a home in 2004 that was located next to a city fire station. As early as 2006, plaintiffs made a number of complaints to the city about the diesel exhaust fumes that were generated by the fire station, alleging that the family's health was suffering. In 2012, plaintiffs filed a claim with the city for personal injury and real property damage related to the exhaust. The city rejected plaintiffs' claims as untimely and later denied their application for permission to file a late claim. In response, plaintiffs filed a petition with the trial court for relief to file a late claim. The trial court denied plaintiffs' petition and plaintiffs appealed. In an unpublished opinion, the Fourth District affirmed, concluding plaintiffs "had a reasonable suspicion of the connection between their health problems and the diesel exhaust fumes...more than one year before the petition for relief was filed," and "[a]ctual knowledge is not the test." Further, the court rejected plaintiffs' argument that the city should be estopped from asserting the statute of limitations to block the claims because city employees allegedly made "material misrepresentations" about the danger of the exhaust fumes that prevented the family from further investigating a causal connection between the fumes and their health problems. The court concluded that once the plaintiffs "had reason to suspect their health problems were caused or worsened by the diesel exhaust fumes, their claims against the City accrued, and later misrepresentations could not change such accrual." CSAC's publication request is pending.

Lacey v. Lunn

Order of the Ventura County Superior Court (Aug. 5, 2014)

A group of citizens collected sufficient signatures to place an initiative, entitled "Repeal of County Employee Pension Plan and Creation of Defined Contribution Plan for New Employees," on the ballot in Ventura County. The initiative does a number of things, including: (1) repeal the ordinances adopted by the County in 1946 to become members of CERL, thereby eliminating the County's authority to participate in CERL (no mechanism is provided as a substitute for fulfilling obligations to existing retirees); (2) creates a new 401k-style Defined Contribution Plan for all employees hired after July 2015; (3) sets County contribution rates to the new Plan, which cannot be changed by the Board of Supervisors; and (4) limits the ability of the Board of Supervisors to increase compensable compensation. The Clerk/Recorder determined that sufficient signatures were submitted, and on June 17, the Board of Supervisors decided not to adopt the Initiative, thus sending it to the November 4 ballot.

A number of current and former employees sued the Ventura County Clerk/Recorder and its Board of Supervisors, naming the Initiative Proponents as Real Parties in Interest. The writ petition argued that the Initiative violates CERL,

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the MMBA, and section 1(b) of article XI of the California Constitution, and impermissibly interferes with essential government functions. The court granted the petition and ordered the measure removed from the ballot. The court determined that withdrawal from CERL cannot occur via initiative, and that the measure was unconstitutional for violating the single subject rule. CSAC filed a brief in support of petitioners.

Property Reserve, Inc. v. Superior Court (Dept of Water Resources)

Previously published at: 224 Cal.App.4th 828 (3d Dist. Mar. 13, 2014)(C067758), *petition for review granted* (June 25, 2014)(S217738)

The State of California seeks to build a tunnel to transport water from the northern to southern part of the state. However, before condemning the land needed for the project, the State wanted to assess the environmental and geological suitability of hundreds of properties on which the tunnel may be constructed. Under the authority of precondemnation statutes, the State petitioned the trial court for orders to enter the properties to conduct the necessary studies. The trial court granted access for the environmental studies, but not the geological studies, finding that the borings and drillings involved in these studies would constitute a taking that could only be authorized by a direct condemnation action. The affected landowners appealed. The Third District concluded that both the geological and the environmental studies constituted a taking. The court found that the statutory precondemnation procedures are inadequate under the circumstances because they do not provide all of the constitutional protections, including a jury determination of the just compensation of the condemnation. The Supreme Court granted review. CSAC will file a limited brief in this case expressing concern with the potential impact of this decision on the precondemnation process.

San Francisco Beautiful v. City and County of San Francisco

226 Cal.App.4th 1012 (1st Dist. Apr. 30, 2014)(A136546), *ordered published and rehearing denied* (May 30, 2014)

San Francisco determined that AT&T's proposal to install 726 metal utility boxes housing telecommunications equipment on sidewalks in order to expand its fiber-optic network was exempt from CEQA. Specifically, the city concluded that the project fell within the "Class 3" categorical exemption for "(1) construction and location of limited numbers of new, small facilities or structures," and (2) "installation of small new equipment and facilities in small structures." / Plaintiffs challenged the city's action, alleging there was not a "limited number" of boxes, and that it was not exempt under clause 2 because it involved the construction and location of new structures rather than the installation of equipment in existing small structures. The First District upheld the city's action, concluding that clause 2 was not limited to the installation of equipment in existing structures, but could also apply when new structures are installed or constructed. Since the project was exempt under clause 2, the court did not address whether 726 boxes are a "limited

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number” under clause 1. The court also rejected plaintiff’s argument that residents’ views on aesthetic effects constituted evidence of a significant impact sufficient to trigger the need for an EIR under either the “substantial evidence” or “fair argument” standards. CSAC’s publication request was granted.

Sheehan v. City and County of San Francisco

743 F.3d 1211 (9th Cir. Feb. 21, 2014)(11-16401), *cert. petition pending* (filed May 22, 2014)(13-1412)

Plaintiff is a woman suffering from mental illness whose social worker called police seeking help and a 5150 hold. When the officers arrived, they entered her room without a warrant to take her into custody. She reacted violently and threatened to kill the officers. The officers went into a hallway to call for backup, and then went back into the room to subdue plaintiff. At this point, she threatened the officers with a knife and the officers shot her. She then brought this action alleging that the officers should have had a warrant to enter her room, and that they violated the Americans with Disabilities Act by failing to accommodate her mental illness. The Ninth Circuit denied the officers qualified immunity, concluding that a jury could find that the officers acted unreasonably by entering the room the second time after calling for backup, or that they “intentionally or recklessly provoke[d] a violent confrontation” in violation of the Fourth Amendment. Finally, the court determined, in an issue of first impression in this circuit, that Title II of the Americans with Disabilities Act applies to arrests. The court went on to hold that there was a triable issue of fact as to whether the officers failed to reasonably accommodate plaintiff’s disability. CSAC has filed a brief urging the United States Supreme Court to review the case.

Sierra Club v. County of Fresno

226 Cal.App.4th 704 (5th Dist. May 27, 2014)(F066798), *petition for review pending* (filed July 8, 2014)(S219783)

Sierra Club contested the County of Fresno’s decision to approve the development of a residential housing project arguing that the EIR failed to adequately address air quality impacts. The Fifth District concluded that: “(1) the EIR was inadequate because it failed to include an analysis that correlated the project’s emission of air pollutants to its impact on human health; (2) the mitigation measures for the project’s long-term air quality impacts violate CEQA because they are vague, unenforceable and lack specific performance criteria; and (3) the statement that the air quality mitigation provisions will substantially reduce air quality impacts is unexplained and unsupported.” A petition for review is pending. Although the petition seeks review of all of these conclusions, CSAC’s letter in support focuses on these two issues:

September 4, 2014

(1) Does the substantial evidence standard of review apply to a court's review of whether an EIR provides sufficient information on a topic required by CEQA, or is this a question of law subject to independent review by the court?

(2) Is an EIR adequate when it identifies the health impacts of air pollution and quantifies a project's expected admissions, or does CEQA further require the EIR to correlate a project's air quality emissions to specific health impacts?

2014 CSAC Board of Directors Calendar of Events

January

- 15 CSAC Executive Committee Orientation Dinner, Sacramento County
- 16 CSAC Executive Committee Meeting, Sacramento County

February

- 5-6 CSAC Corporate Associates Forum, San Diego County
- 19 CSAC Board of Directors/Legislator Reception, Sacramento County
5:00pm – 7:00pm, The Mix, 1525 L Street, Sacramento, CA 95814
- 20 CSAC Board of Directors Meeting, Sacramento County
10:00am – 1:30pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814

March

- 1-5 NACo Legislative Conference, Washington, D.C.

April

- 17 CSAC Executive Committee Meeting, Sacramento County
- 23-25 CSAC Finance Corporation Meeting, Riverside County

May

- 14-15 CSAC Legislative Conference, Sacramento County
- 15 CSAC Board of Directors Meeting, Sacramento County
12:00pm – 3:00pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814
- 21-23 NACo Western Interstate Region Conference, Anchorage, Alaska

July

- 11-15 NACo Annual Meeting, New Orleans Parrish, New Orleans, Louisiana

August

- 7 CSAC Executive Committee Meeting, Los Angeles County

September

- 4 CSAC Board of Directors Meeting, Sacramento County
10:00am – 1:30pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814
- 17-19 CSAC Finance Corporation Meeting, San Diego County

October

- 8-10 CSAC Executive Committee Retreat, Monterey County

November

- 18-21 CSAC 120th Annual Meeting, Anaheim, Orange County
- 20 CSAC Board of Directors Meeting, Anaheim, Orange County
2:00pm – 4:00pm, Disneyland Hotel, 1150 Magic Way, Anaheim, CA 92802

December

- 3-5 CSAC Officers Retreat, Napa County