CALIFORNIA STATE ASSOCIATION OF COUNTIES
BOARD OF DIRECTORS
Thursday, May 30, 2013
12:30pm - 4:00pm
CSAC Conference Center, Sacramento, CA

AGENDA

Agenda times are approximate. Matters may be considered earlier than published time.

Presiding: David Finigan, President

12:30pm  BUFFET LUNCH
1:00pm  PROCEDURAL ITEMS
1. Roll Call
2. Approval of Minutes of February 21 and March 28, 2013

1:10pm  SPECIAL PRESENTATIONS
3. CSAC Corporate Associates Report
   - Marty Dettelbach, Coast2Coast Rx
   - Yvette Radford, Kaiser Permanente

4. Governor’s May Revision of the 2013-14 State Budget
   - Ana Matosantos, Director, Department of Finance

5. CSAC Report on the Governor’s May Revision
   - Matt Cate & DeAnn Baker, CSAC staff

6. AB 109 Allocation Report
   - Susan Maurielo, Realignment Allocation Committee Chair
   - Bill Goodwin, CAOAC President & RAC Member
   - Larry Spikes, Kings CAO & RAC Member

2:15pm  ACTION ITEMS
7. CSAC Policy Committee Reports
   - Health & Human Services
     - Supervisor Kathy Long, Chair
     - Kelly Brooks Lindsey & Farrah McDaid Ting, CSAC staff
   - Housing, Land Use & Transportation
     - Draft CEQA Policy
     - Resolution on Freight Rail
       - Supervisor Phil Serna, Chair
       - Kiana Buss & Cara Martinson, CSAC staff
   - Government Finance & Operations
     - Supervisor Bruce Gibson, Chair
     - Jean Hurst & Eraina Ortega, CSAC staff
   - Agriculture & Natural Resources
     - Supervisor Kim Vann, Chair
     - Karen Keene & Cara Martinson, CSAC staff
   - Administration of Justice
     - Supervisor Federal Glover, Chair
     - Elizabeth Howard Espinosa, CSAC staff
2:45pm  ACTION ITEMS (cont.)
8. Consideration of Proposed CSAC Budget for FY 2013-14
   • Matt Cate, CSAC Executive Director
   • Supervisor Terry Woodrow, CSAC Treasurer

9. Consideration of Proposed Litigation Coordination Program Budget for FY 2013-14
   • Jennifer Henning, County Counsel’s Assoc. Executive Director

3:15pm  INFORMATION ITEMS
10. CSAC Finance Corporation Report
    • Nancy Parrish, Finance Corp. Executive Director

11. The following items are contained in the briefing materials for your information, but no presentation is planned:
    ❖ Institute for Local Government (ILG) and CCS Partnership Update
    ❖ CSAC Litigation Coordination Program Report
    ❖ CSAC Institute for Excellence in County Government

4:00pm  ADJOURN
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First Vice President: John Gioia, Contra Costa  
Second Vice President: Efren Carrillo, Sonoma  
Immed. Past President: Mike McGowan, Yolo

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The presence of a quorum was noted.

2. **APPROVAL OF MINUTES**
The minutes of November 29, 2012, were approved as previously mailed.

3. **STATE AND FEDERAL LEGISLATIVE PRIORITIES FOR 2013**
Staff presented the proposed State Legislative Priorities as contained in the briefing materials. These priorities were previously considered by the CSAC Officers and Executive Committee.

   Motion and second to adopt CSAC State Legislative Priorities as presented. Motion carried unanimously.

In addition, staff reported that the Governor and Senate leadership have made California Environmental Quality Act (CEQA) Reform a priority this year and legislation will be introduced tomorrow. CSAC has developed an internal working group to identify issues and develop a draft policy which will be considered by the CSAC Housing, Land Use & Transportation policy committee before Board of Directors consideration in May.

Staff presented proposed Federal Legislative Priorities as contained in the briefing materials. These priorities were previously considered by the CSAC Officers and Executive Committee.

   Motion and second to adopt CSAC Federal Legislative Priorities as presented. Motion carried unanimously.

4. **HEALTH REFORM IMPLEMENTATION AND COUNTY ISSUES**
California is in the midst of implementing the Affordable Care Act (ACA), but has many policy choices to make. The Administration proposes to expand Medi-Cal to adults with incomes under 138% of the Federal Poverty Level (FPL) who are not currently Medicaid eligible, as allowed under the ACA. The proposal contains two options to expand Medi-Cal to these adults – a state-based approach and a county-based approach.

   The state-based approach would build on the existing state-administered Medicaid program and managed care delivery system. The state would offer a standardized, statewide benefit package comparable to what is available today in Medi-Cal, excluding long-term care coverage. Under this option, the Administration would divert existing 1991 health realignment funds to pay for new human services program responsibilities. The proposal specifically mentions subsidized child care; other options may include CalWORKs, CalFresh administration, child support, Supplemental Security Income (SSI), and In-Home Supportive Services (IHSS). The counties would fund those new responsibilities with savings from indigent adults receiving coverage through Medi-Cal.

   The county-based approach would build on the existing Low Income Health Programs (LIHPs). Counties would maintain their current responsibilities for indigent health care services. They would need to meet statewide eligibility requirements, and a statewide minimum in health benefits consistent with benefits offered through Covered California. Counties could offer additional benefits, except for long-term care. Counties would act as the fiscal and operational entity responsible for the expansion and would build on their LIHPs as the basis for operating the expansion. Counties would be responsible for developing provider networks, setting actuarially based rates, and processing claims. The state would still like to engage counties in a discussion of savings and some diversion of 1991 health realignment funds. This option requires federal approval and specified waivers.

   Both of these options carry risks for counties. CSAC Staff has been meeting with Administration representatives and agreed to get additional input from counties before recommending one option over the other to the Board of Directors.
A consensus was reached to take no formal action yet on either option and to engage with the Administration more fully. A special meeting of the Board of Directors will be called at a later date in order to consider a position on options for implementing the Affordable Care Act.

5. **AMENDMENTS TO CSAC COUNTY PLATFORM**

**Agriculture & Natural Resources.** The CSAC Agriculture & Natural Resources policy committee recommended the following proposed changes to Chapter Three of the CSAC County Platform:

Section 2B – Williamson Act. Clarifying language was added to this section to support the restoration of Williamson Act subventions.

Section 8 – Solid Waste management. A statement was added to the Solid Waste Section to support CSAC’s advocacy efforts to advance the use of solid waste conversion technologies in California. This is consistent with the CSAC Legislative Priorities.

Section 10 – Regulation of Environmental Impacts from Marijuana Cultivation. A new section was added related to the regulation of marijuana cultivation. Specific language follows: "The cultivation of marijuana is often accompanied by land use activities such as clearing of land, grading, road-building, water withdrawals from streams and application of herbicides, pesticides and fertilizers. These activities are routinely regulated and enforced by Federal, State and local agencies when they are associated with industries such as timber, ranching or farming, so as to reduce their potential impacts on the environment. CAC believes responsible agencies should be given clear guidance and adequate resources to regulate and enforce existing environmental laws when they are associated with the cultivation of marijuana."

Concerns were expressed regarding Section 10. It was suggested that the Board adopt Sections 2B and 8 and bring back Section 10 for consideration at the May meeting in order to give Board members an opportunity to check with individual county counsels on that issue.

Motion and second to adopt Sections 2B and 8 of Chapter Three in the CSAC 2013-14 Platform, and bring back Section 10 for reconsideration at the May Board of Directors meeting. Motion carried unanimously.

**Health & Human Services.** The CSAC Health & Human Services policy committee recommended proposed changes to the Health and Human Services chapters as contained in the briefing materials. Specifically, new references to the Affordable Care Act (ACA) implementation were incorporated and chapters have been updated to reflect current and anticipated ACA issues. A new section on Emergency Medical Services was added.

In addition, a new Realignment chapter was developed to define CSAC policy related to 1991, 2011, and any future realignment of programs, funding, or services.

Motion and second to adopt the proposed Health, Human Services, and Realignment chapters for the CSAC 2013-14 Platform. Motion carried unanimously.

Staff was directed to proactively engage on the Medi-Cal reimbursement for rural county hospitals issue. Currently, 17 rural hospitals are facing closure as a result of Medi-Cal reimbursement cuts contained in the 2011-12 state budget. It was noted that small counties, that have skilled nursing facilities associated with them are at increased risk. The CSAC Health & Human Services policy committee will discuss this issue and bring back recommendations. Supervisor Jon Kennedy has been compiling information and will meet with CSAC staff on the issue.

**Housing, Land Use & Transportation.** The CSAC Housing, Land Use & Transportation (HLT) policy committee recommended changes to the HLT chapters of the CSAC County Platform, as contained in the briefing materials. A number of substantive changes are proposed to *Chapter One: Planning, Land Use and Housing*, including closing the housing element language to reflect current law and practice, and detailed language regarding the definition of "sweeping reform" of housing element law.
The proposed language also supports reform efforts that would streamline and simplify housing element law, limit the housing element review process to statutory requirements, and provide local governments with a more predictable review process through increased transparency and consistency at the Department of Housing and Community Development. The elimination of redevelopment in California is reflected in the proposed language and, specifically, the loss of the Low and Moderate Income Housing Fund. There is also strengthened language in support of a permanent source for affordable housing, especially in light of the loss of critical affordable housing funds from former redevelopment activities. This chapter also contains a new section on environmental justice; added language in support of streamlining coastal development permit and planning processes; and proposed language regarding the State’s enforcement process for zoning and building ordinance violations.

The proposed additions to Chapter Eleven: Transportation and Public Works, reflect updating transportation revenue discussions to reflect statewide directives to reduce vehicle miles traveled in order to reduce greenhouse gas emissions and meet the State’s climate change goals. Additionally, the proposed changes strengthen the language around the importance of the rural transportation network, both in general terms, but also in light of the state’s climate change goals.

Proposed changes to Chapter Fourteen: Climate Change, reflect updates to CSAC’s existing policy in support of flexible regional approaches to addressing climate impacts from the transportation sector.

Significant policy additions to Chapter Sixteen: Native American Issues were proposed. The policy related to Tribal-State Gaming Compacts was updated to support more robust tribal environmental review documents and mitigation for socioeconomic and other impacts that are difficult to quantify. The policy in support of federal legislation and regulations to provide counties with timely notice and adequate time for meaningful input on tribal trust land applications was updated.

It was requested that “impact fees” be included in Section 2 of Chapter Sixteen: Native American Issues.

Motion and second to adopt proposed amendments to the Housing, Land Use and Transportation chapters of the 2013-14 CSAC Platform. Motion carried unanimously.

6. YEAR OF THE CHILD RESOLUTION
President Finigan presented a resolution proclaiming 2013 as “The Year of the Child” and requested Board of Directors adoption. It was suggested that language be added regarding “California State Preschools and Head Start programs.”

Motion and second to adopt a CSAC resolution proclaiming 2013 as “Year of the Child” as amended. Motion carried unanimously.

In addition, President Finigan urged all counties to adopt a similar resolution. A sample resolution for adoption by individual counties was contained in the briefing materials.

7. SOLID WASTE CONVERSION TECHNOLOGY LEGISLATION
Over the past year, CSAC staff has worked closely with the County Engineers Association of California (CEAC) to advance the timely development of solid waste conversion technology facilities in California in order to reduce dependence on landfill disposal and generate renewable energy. Certain provisions in California State law and regulations, including outdated and scientifically inaccurate definitions, have created uncertainty regarding the permitting of these facilities and their ability to receive renewable energy credits. The draft proposal seeks to fix these inaccurate definitions to help foster innovative and important technologies in California. Additionally, the proposal will include measures to ensure that up-front recycling is done before materials are sent to solid waste conversion facilities and that all conversion facilities meet California’s stringent air and water quality standards. Staff recommended that the Board of Directors support the proposal, enabling CSAC to co-sponsor a bill with Los Angeles County on conversion technologies.

Motion and second to support a legislative proposal regarding solid waste conversion technologies. Motion carried unanimously.
8. **CSAC CORPORATE ASSOCIATES PROGRAM REPORT**

Wade Rakes and Amy Williams from Centene Corporation, were introduced as CSAC's newest Premier corporate members. Centene is a Healthcare services company based in St. Louis. They are looking to expand business in California. Staff announced that the 2013 Premier Corporate Forum was recently held in San Diego. The forum offers corporate members the opportunity to hear from county elected and appointed officials from around the state.

9. **FORMATION OF WORKING GROUPS**

Matt Cate reported that two internal working groups are being formed – CSAC Affiliates Policy and CSAC Policy & Procedures Manual Update. In addition, Supervisor McGowan will be chairing a task force regarding CSAC Dues.

10. **INFORMATION ITEMS**

Reports on the Institute for Local Government (ILG), CSAC Finance Corporation, and Litigation Coordination Program were contained in the briefing materials.

Meeting adjourned.
CALIFORNIA STATE ASSOCIATION OF COUNTIES
BOARD OF DIRECTORS

SPECIAL MEETING VIA CONFERENCE CALL
Thursday, March 28, 2013

MINUTES

Presiding: David Finigan, President

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<td>McGowan/Rexroad</td>
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<td>Ed Scofield</td>
<td>Yuba</td>
</tr>
<tr>
<td>Orange</td>
<td>John Moorlach</td>
<td></td>
</tr>
</tbody>
</table>

--- 8 ---
The presence of a quorum was noted.

2. **CONSIDERATION OF AFFORDABLE CARE ACT IMPLEMENTATION PRINCIPLES**

   Staff provided an overview of the federal Affordable Care Act (ACA). CSAC has been meeting with the State Department of Finance to obtain information regarding the Administration's two options for California's implementation of ACA -- a state-based approach and a county-based approach. In addition, the CSAC Health and Human Services Policy Committee has been meeting every other week since January to discuss the Medi-Cal optional expansion and implementation of ACA. Staff has also been meeting with CMSP counties and other stakeholders in the development of proposed principles which would assist CSAC in negotiations with the Administration and the Legislature.

   Staff recommended that CSAC support a state-based expansion of the Medi-Cal program and approve the attached principles.

   Motion and second to approve the draft Medi-Cal Optional Expansion Principles as presented. Motion carried unanimously.

   Supervisor Kathy Long, Chair of the CSAC Health & Human Services Policy Committee and Supervisor Ken Yeager, Vice-Chair of the CSAC Health & Human Services Policy Committee, were acknowledged for their leadership on this important issue.

Meeting adjourned.
CSAC Affordable Care Act Medi-Cal Expansion Principles

Adopted by CSAC Board of Directors March 28, 2013

Generally,

- The Medi-Cal optional expansion should happen on January 1, 2014, and counties are committed to working with the Administration, Legislature and other stakeholders to meeting this goal.

- The proposal for a county option is not viable for the statewide Medi-Cal expansion. Because of variant readiness levels across counties, the county option would prevent California from implementing the expansion in January 2014.

- The Governor’s proposal for a state option provides the best framework for expanding Medi-Cal by January 2014. However, the programmatic realignment aspect of the proposal is problematic for a number of reasons outlined in the following more specific principles.

Specifically, future conversations about appropriate use of 1991 realignment savings associated with the Medi-Cal optional expansion must ensure continuity of health services and address long-term sustainability for both the counties and the state.

- Counties must retain sufficient health realignment funds to be able to fulfill residual responsibilities (such as serving the remaining uninsured and public health services). Because counties have different delivery systems, some counties may experience savings prior to 2017, but determining potential savings statewide without jeopardizing delivery systems remains a challenge.

- When considering redirection of savings, consideration should be given to reinvesting those savings in local health, public health, and behavioral health systems that are preventative in nature. Reinvestment in health care provides opportunities to decrease health care costs and support sustainability.

- A key priority for counties is to manage the transition to Medi-Cal expansion within the constitutional protections associated with mandates. Counties oppose the realignment of programs without revenue protections and protections on future costs associated with state and federal law changes.

- State and county fiscal impacts associated with the Medi-Cal expansion and continued health service responsibilities must be identified on an ongoing basis to inform future decisions regarding shared financial risks.
May 30, 2013

To: CSAC Board of Directors
From: John Samartzis, Director of Corporate Relations
RE: Corporate Membership & Sponsorship Update

BACKGROUND:
Our corporate membership and sponsorship programs have grown significantly this year. Since January, we have added BI, Centene, DLR Group, Dominion Voting, Hanson Bridgit and The Chumash Tribe. We continue to work with several other companies to join in the near future. As always, we welcome any introductions to companies that are based in your counties or that you are working with.

Currently we have a total of 13 Premier Corporate members and we have brought in over $200,000 in sponsorships over this fiscal year. Current Premier members are listed below:

BI
Centene
Coast2Coast
DLR Group
Dominion Voting
Hanson Bridgit
Healthstat
Kaiser Permanente
Nationwide Retirement Solutions
PG&E
Southern California Edison
The Chumash Tribe of Santa Ynez
Xerox

Coast2Coast
The Coast2Coast program has flourished since our partnership with them began. When our agreement with Coast2Coast was signed they were working with 16 counties in California. The program has grown to include the following 26 counties: Alameda, Amador, Colusa, Contra Costa, Del Norte, Fresno, Humboldt, Kings, Madera, Mendocino, Nevada, Placer, Riverside, San Benito, San Bernardino, San Diego, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Cruz, Tehama, Tulare, Ventura, Yolo and Yuba. In the current fiscal year we have earned approximately $200,000 ($40 per prescription) in revenue from this program and counties have received over $600,000 ($1.25 per prescription) in fees from Coast2Coast. We began this program in October 2011.
Welcome to another edition of *Impact* — our chance to share some of the exciting news about Kaiser Permanente’s many community benefit initiatives to make our philosophy of total health an everyday reality for every one of our nearly 9 million members, their families, their neighbors, and their communities — our communities.

Kaiser Permanente’s growing membership got me thinking about some other numbers we’ve chalked up recently in our various efforts to help meet the health and health-related needs of our people and our communities, some of which we report on in this issue. Here are just a few:

- As the 2011 Great Recession ground on for another year, we expended more than $1.8 billion in total Community Benefit, most of which subsidized care and coverage for low-income and vulnerable populations. We contributed close to $70 million in grants and donations to nonprofit organizations and community partners.

- Also last year, our unique Educational Theatre Program, which operates in all our regions, celebrated its 25th year of bringing live theater productions about the value of diversity and how to make healthy life choices to school children and their families, reaching a total of more than 15 million people. Yes, that’s 15 million.

- On January 16, nearly 7,000 Kaiser Permanente physicians and employees (including yours truly and virtually all senior leaders) took the day on, not the day off, to volunteer at a host of community-building activities in schools, food banks, free health screenings, parks, homeless shelters, and other institutions serving the needy to honor the legacy of Dr. Martin Luther King Jr. Since we began this tradition in 2005, more than 37,000 physicians and employees have participated, serving nearly 90,000 people.

- In 2011, Kaiser Permanente launched Every Body Walk!, a public health campaign aimed at getting all adults, not just Kaiser Permanente members, to walk 30 minutes a day, five days a week for better health. The campaign offers a robust walking hub at [www.everybodywalk.org](http://www.everybodywalk.org) with walking tips, walking trails, inspiring videos, and a presence on social media channels. There is also a free mobile app for Apple and Android devices. More than 475,000 unique visitors have visited the website and more than 17,000 have downloaded the app.

- Since Kaiser Permanente first began addressing the specific needs of HIV patients in the early 1980s, we have treated more than 60,000 members with HIV, including a current HIV patient population of more than 20,000 more than any other health care organization in the nation. Last year, we were able to report research showing that we have achieved virtually zero disparities among black and Latino HIV-positive patients for both mortality and medication rates.

- Thanks to the implementation of our first-of-its-kind Sustainability Scorecard, which allows us to evaluate the environmental and health effects of all of the $1 billion of medical products we purchase every year, we moved last year to replace almost five
million IV tubing sets and 9.2 million IV solution bags with alternative products that are free of PVC and DEHP, two chemicals that are known toxins.

- Our more than 40 Healthy Eating Active Living (HEAL) community collaboratives, up from just three six years ago, are achieving demonstrable, measureable progress in their initiatives to promote access to healthy foods and increased physical activity in underserved communities. Independent program evaluators report that the collaboratives will have launched more than 500 community change strategies, reaching more than a half million individuals when they are fully implemented.

The point of all this is not to boast, but rather to remind ourselves in these still trying times that the good, hard work we all do to promote total health — healthy minds, bodies, and spirits thriving in healthy communities — is clearly worth the effort. That’s the message of the numbers.

Yours, in good health,
May 14, 2013

TO: CSAC Board of Directors
    County Administrative Officers
    CSAC Corporate Associates

FROM: Matt Cate, CSAC Executive Director
      DeAnn Baker, CSAC Director of Legislative Affairs

RE: Summary of the Governor's May Revision

Governor Brown released his revised budget proposal today at a press conference and emphasized the increase in education funding, the implementation of health reform, and the importance of prudence.

The major changes since his January budget proposal include reduced revenue estimates due to federal actions, increased funds for K-14 education as a result of Proposition 98 ($2.9 billion), higher Medi-Cal costs due to court actions ($467 million), and reduced borrowing costs ($484 million).

CSAC has been involved in ongoing discussions with the Administration over the implementation of federal health care reform and the expansion of Medi-Cal. The May Revision outlines the Governor’s plan to redirect 1991 health realignment funds from counties via a mechanism that identifies savings associated with implementation of the Affordable Care Act. Please see the Health Care Reform section of this Budget Action Bulletin for further details.

As has been widely reported, state General Fund cash receipts to date have exceeded expectations by approximately $4.5 billion. However, the Governor indicated today that the net average across three years is only about $300 million. That is due to part of the money accruing to increased funding requirements for schools under Proposition 98, some revenue accruing to previous and future fiscal years, recent changes in timing of state revenues that will result in less revenue coming in May and June, and a reduced fiscal forecast due to changes in assumptions about federal actions.
Among the federal actions was allowing the two-percent payroll tax reduction to rise. This in particular has caused a decline in consumer demand. The Administration has therefore reduced its estimates of sales and use tax revenues by 2.3 percent for 2012-13 and 1.2 percent for 2013-14. Sales and use tax revenues are not only a source of general purpose revenue for counties and cities, but also fund 1991 Realignment and much of 2011 Realignment.

The Governor repeatedly stressed restraint. Some of the risks he outlined include the uncertain economic recovery, prison healthcare and overcrowding, Medi-Cal and health reform implementation, redevelopment lawsuits, and further possible federal budget measures.

K-12 education is the primary beneficiary of the state's unanticipated increase in current year cash. Proposition 98 funding for K-12 education will increase by $2.9 billion in 2012-13, and decreases by $941.4 million in 2013-14. The May Revision proposes to accelerate the repayment of inter-year budget deferrals in 2012-13 and increasing first-year funding for the Local Control Funding Formula; additionally, the Administration proposes a one-time $1 billion augmentation to implement the new Common Core academic standards. For more information on the Local Control Funding Formula, see the 2013-14 Governor's Budget May Revision Summary.

Finally, the state's General Fund debt service expenditures will decrease by a net of $141.9 million in the budget year and $292.1 million in the current year, compared to January estimates. These savings are primarily due to increased premium generated from future bond sales, a smaller spring 2013 bond sale than originally anticipated, and bond refinancing.

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<th>2012-13</th>
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<td>Proposition 98 Expenditures</td>
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<td>Special Fund for Economic Uncertainties</td>
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2013-14 May Revision
General Fund Budget Summary
($ in millions)
### 2013-14 Total Expenditures by Agency
($ in millions)

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<tr>
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<th>Bond Funds</th>
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<td>743</td>
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<tr>
<td>Labor and Workforce Development</td>
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<td>863</td>
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<td><strong>41,946</strong></td>
<td><strong>7,408</strong></td>
<td><strong>145,707</strong></td>
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### General Fund Revenue Sources
($ in millions)

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<th>$ Change</th>
<th>% Change</th>
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<td>Tobacco Taxes</td>
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<td>89</td>
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<td>Motor Vehicle Fees</td>
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<td>23</td>
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<td>Other</td>
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<td><strong>Total</strong></td>
<td><strong>98,195</strong></td>
<td><strong>97,235</strong></td>
<td><strong>-960</strong></td>
<td><strong>-1.0</strong></td>
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</table>
HEALTH CARE REFORM

The May Revision provides significantly more detail about the Administration's plan to implement the optional Medi-Cal expansion. At his press conference this morning, Governor Brown emphasized multiple times that the Administration does not want to pay twice for the population receiving health care services.

State-Based Approach. The Administration proposes expanding Medi-Cal through a state-based approach, rather than a county-based approach.

1991 Health Realignment Funds. While the Administration recognizes that counties’ obligation to provide indigent health services will continue, the May Revision document characterizes the $1.5 billion in 1991 health realignment funds as 'primarily' for services for indigent adults. The Administration proposes to redirect the 1991 health realignment funds as health care coverage grows, based on county-by-county experiences.

The state suggests that it cannot afford to assume Medi-Cal coverage costs and continue to fund county health programs; at the same time, the Administration asserts that preserving a public safety net is a priority. As such, the Administration recognizes that counties need a viable patient base for county safety net providers and adequate rates. The May Revision does not include specific proposals on either.

The revised budget includes the following proposal for redirecting savings:

- 2013-14: $300 million
- 2014-15: $900 million
- 2015-16: $1.3 billion
- 2016-17: new realignment of human services programs

The Administration states that these savings numbers are targets and the actual amounts will be based on the mechanism described below.

Mechanism for Measuring Actual Costs. The Administration proposes to measure actual county costs for providing services to Medi-Cal and uninsured patients and revenues received for such services. The Administration indicates the following revenues would be considered:

- Patient care
- Federal funds
- 1991 Health realignment funds
- Net county contributions to health care services, adjusted to reflect historic growth rates

The Administration wants to measure the difference between total revenues and total costs.
Because the mechanism is cost based, the Administration is also concerned about containing county costs within the mechanism. The proposed cost containment mechanism would account for the remaining uninsured consistent with today’s level of services. The Administration would cap county cost growth based on historic trends. This mechanism would remain in place until health care reform is fully implemented.

The May Revision also recognizes the significant declines in federal funds for county hospitals and clinics and states that the Administration will maximize federal revenues through development of a future Medicaid Waiver prior to the expiration of the current “Bridge to Reform” waiver in 2015.

More Benefit Details. The May Revision proposes to continue the Drug Medi-Cal carve-out and specialty mental health services carve-out for new Medi-Cal eligibles. It suggests that the state will provide counties the option to provide an enhanced benefit package for substance use disorder treatment services for both the existing and expansion populations. The Administration is also proposing to provide long term care services for the new Medi-Cal eligibles if the federal government approves retaining an asset test.

Proposal for Further Realignment. The Administration is proposing to shift additional health programs to the state and give counties more responsibility for human services programs beginning in 2016-17.

- Health Programs. The Administration is proposing to move California Children’s Services (CCS) to the state. The Administration states that consideration will be given to the appropriate role of counties in the Medical Therapy Program.

  The May Revision makes clear that public health will remain a local responsibility.

- Human Services Programs. The Administration proposes that counties take on greater responsibility for CalWORKs, CalWORKs child care, and CalFresh administrative costs. The state would continue to set eligibility, grant levels and rates. The state would “continue to provide funding for above-average costs that result from economic downturns or policy changes outside of county control.” The Administration would give consideration to county flexibility.

Additional Cost Detail. The Administration is budgeting $21 million General Fund and $1.5 billion in federal funds for the optional expansion in 2013-14.

- County Administration. The May Revision provides $71.9 million in 2013-14 for county administration of Medi-Cal. The funds will be used for processing new applications and redeterminations, developing training and curriculum material, training county workers,
and support planning and implementation activities. Beginning in 2015-16, future state appropriations would be based on a time study.

- **Pregnant Women.** The Administration proposes to move state-only pregnant women with incomes between 100- and 200 percent of the federal poverty level (FPL) from Medi-Cal to Covered California. The state will fund all cost sharing not covered by federal subsidies for this population. The Administration projects $26.4 million in General Fund savings.

- **Legal Permanent Residents Present Less Than Five Years.** The Administration proposes to move legal permanent residents residing in the United States less than five years from state-only Medi-Cal to Covered California. The state will fund all cost sharing not covered by federal subsidies for this population. The Administration projects $5.4 million in General Fund savings associated with this proposal.

2011 Realignment

The Governor’s May Revision updates revenue estimates for the programs realigned in 2011. We are providing the chart below, which is not included in the Governor’s May Revision Summary but should soon be available online under 2013-14 budget details. The revised projections reflect slowed sales tax performance since January. Additional discussion can be found in the Administration of Justice section of this document.
### 2011 Realignment Estimate - Based on 2013-14 May Revision

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<td>(5.4)</td>
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<td>112.4</td>
<td>204.3</td>
<td>204.3</td>
<td>402.6</td>
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<td><strong>Account Total and Growth</strong></td>
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<td></td>
<td>8,280.3</td>
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<td>9,766.7</td>
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<tr>
<td><strong>Revenue</strong></td>
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<td></td>
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<td>1.0525% Sales Tax</td>
<td>5,395.3</td>
<td></td>
<td>5,612.5</td>
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<tr>
<td>Motor Vehicle License Fee</td>
<td>454.6</td>
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<td>457.3</td>
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<td><strong>Revenue Total</strong></td>
<td>5,840.9</td>
<td></td>
<td>6,069.8</td>
<td></td>
<td>6,750.8</td>
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This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

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1. Dollars in millions.
2. Allocation is capped at $462.0 million.
3. 2012-13 and 2013-14 growth is not added to subsequent fiscal year's subaccount base allocations.
4. Growth does not add to base.
6. The Early and Periodic Screening, Diagnosis, and Treatment and Drug Medi-Cal programs within the Behavioral Health Subaccount do not yet have a permanent base.

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### Administration of Justice

#### 2011 Realignment

The Governor's May Revision updates revenue estimates associated with the range of law enforcement and health and human services programs for which counties assumed responsibility in 2011. The forecast reflects a downward projection in sales tax, resulting in an
approximately 40 percent decrease in the amount of growth attributable to the various program elements. For example, 2012-13 growth for AB 109 – projected in January to be $77.3 million – has been revised downward to $45.3 million in the May Revision. Adjustments of a similar magnitude apply across the various program areas. For those programs where the base has been established – court security and juvenile justice activities on the law enforcement side – there is a resulting adjustment in the 2013-14 base, given the revised growth estimate. These updates are applied consistent with the 2011 Realignment fiscal structure codified in SB 1020 (2012).

Other technical adjustments. Although not yet available online, trailer bill language to carry out a number of technical changes – in addition to others already posted on the website – will soon be posted outlining the following proposals:

- Process to manage circumstances in which persons are misclassified and released to post-release community supervision (PRCS) or parole;

- Notification process to counties, sheriffs, and probation chiefs regarding the state’s planned changes to prison reception center and parole office operations;

- Clarification that mentally disordered offenders, even if their MDO status is decertified by a court, are released onto a parole rather than a PRCS caseload.

Long-term offender proposal. The May Revision also recognizes the implications of long-term offenders detained in county jails as a result of AB 109 implementation. As outlined in the narrative, the proposal would permit a swap of long-term county jail offenders for shorter-term prison inmates to ensure population and cost neutrality given the state’s budget constraints and those connected to the federal-court population reduction order. The proposal would grant new authority to existing county parole boards for purposes of determining whether long-term offenders should be sent to state prison, but only after the inmate has served three years in a county jail. Finally, the proposal would create a presumption for split sentences, although it offers discretion for instances in which a judge deems that a split sentence would be inappropriate. The Administration has made clear that the long-term proposal is a starting point and they remain open to input and feedback. The inclusion of the proposal in the May Revision acknowledges the significance of the long-term jail offender issue and signals a willingness to explore a resolution within the constraints that all parties face. Discussions will ensue in short order to discuss the concept, mechanics, and potential revisions.

CCP Planning Grants. The Governor’s May Revision continues to assume a $7.9 million General Fund appropriation to provide planning grants to local Community Corrections Partnerships (CCPs). The fixed amount grants will be allocated as in previous years, with a specified amount of $100,000, $150,000, or $200,000 designated based on a county’s population. As indicated in the January budget proposal, we expect budget bill language will condition receipt of CCP
planning grants on the submission of a report on CCP plan implementation to the Board of State and Community Corrections.

**SB 678 — Community Corrections Performance Incentive Act**

An augmentation of $72.1 million to support counties’ ongoing SB 678 programs would bring total probation incentive funding to just over $107 million in 2013-14. The upward adjustment from the January budget proposal resulted from a revised methodology for calculating counties’ awards, using a different marginal rate associated with CDCR’s per-inmate housing costs.

**Corrections**

The budget for the Department of Corrections and Rehabilitation (CDCR) remains largely unchanged from the January budget proposal. The May Revision does not assume any costs associated with the state’s efforts to comply with the court-ordered population reduction. If there is subsequent legislative or court action to require the state to pursue population reduction options, additional expenditures would be required.

Other elements of interest to counties include:

- A $15.4 million increase in CDCR funding to reflect greater reliance on state prison inmates participating in fire camps. Counties will recall that following AB 109 implementation, there was a concern that the state would have insufficient lower-level prison inmates to sustain fire camp services, and CDCR’s budget was reduced accordingly. However, CDCR has implemented changes in classification systems and identified a sufficient number of inmates to maintain current fire camp levels.

- Establishment of an administrative structure — including a new corrections undersecretary and related staffing — to support the future transition of inmate health care back to the state from the federal receiver.

- An increase to reflect adjustments in adult prison inmate and parolee populations.

- A slight decrease in funding for Department of Juvenile Justice associated with juvenile population adjustments and costs changes. The revised average daily population projection for DJJ wards is 821 in 2012-13 and 679 in 2013-14.

- An initiative to reduce drugs and other contraband in the prisons.

**Judicial Branch**

The May Revision assumes no change to the January budget proposal for the courts.
DEPARTMENT OF STATE HOSPITALS

The May Revision includes several budget changes for the Department of State Hospitals (DSH) as detailed below:

- **Additional Intermediate Care and Acute Units** – Funding and staffing would be provided to establish four new units and convert one existing unit at three state hospitals. With a total of 155 new beds, DSH would be better equipped to accommodate population for a number of commitments including Lanterman-Petris-Short patients, the incompetent to stand trial, mentally disordered offenders, and sexually violent predators.

- **Patient Management and Bed Utilization Unit** – Funding and staff would be dedicated to managing patient bed needs to maximize utilization across state hospitals.

- **Psychiatric Inpatient Hospital Programs co-located with CDCR** – Staffing and funding adjustments to transition 450 inpatient beds from two DSH sites to the CDCR health care facility in Stockton. This proposal would provide necessary inpatient treatment staff for psychiatric programs co-located with CDCR facilities.

AGRICULTURE AND NATURAL RESOURCES

CAP AND TRADE

The May Revision does not include the Department of Finance (DOF) and the California Air Resources Board’s (CARB) investment plan for Cap and Trade revenues as was anticipated. Instead, Mary Nichols, CARB’s Chairwoman, announced today that that the May Revision proposal is to loan Cap and Trade revenues to the General Fund this year while CARB continues to work on the investment plan and the update of the AB 32 Scoping Plan. According to DOF Director Ana Matosantos, the Cap and Trade funds will be available in future years.

PROPOSITION 39

The May Revision makes some changes to the allocation of Proposition 39 funds; the Governor’s January budget proposed was to sweep all $400.5 million in revenues associated with the California Clean Energy Jobs Act of 2012 (funds dedicated to energy projects) for Proposition 98 funding guarantees, and allocate these funds exclusively to schools and community colleges for energy efficiency projects. Proposition 39 requires out-of-state businesses to calculate their California income tax liability based on the percentage of their sales in California and dedicates up to $550 million annually for five years to fund projects that “create energy efficiency and clean energy jobs” in California. It does not specifically allocate these funds toward schools and community colleges; rather, it lists eligible entities as schools and other public facilities. The May Revision adjusts Proposition 39 revenues up by $12.5 million and makes some changes to the
allocation formula for K-12 education, including a minimum grant level of $15,000 for small education agencies. The May Revision continues to exclude local governments as eligible entities for Proposition 39 funding.

**GOVERNMENT FINANCE AND OPERATIONS**

**REDEVELOPMENT**

The May Revision estimates that, due to the dissolution of redevelopment agencies and the resulting return of property taxes, for the 2012-13 and 2013-14 fiscal years combined, counties are receiving $1.4 billion, cities $1.1 billion, and special districts $500 million in property tax revenues. The May Revision projects an ongoing annual return of about $675 million.

The state General Fund also benefits because, for most school districts, higher property tax revenues result in a reduced payment from the state due to Proposition 98. Schools get the lion’s share of property taxes in the state, so the General Fund will save an estimated $2.1 billion in 2012-13 and $1.5 billion in 2013-14, $400 million more than estimated in January. The ongoing annual savings will be about $825 million, which is $265 million higher than estimated in January.

**ENTERPRISE ZONES**

The Governor has proposed changing the nature of the Enterprise Zone program and the New Jobs Hiring Credit — created in 2009 — while remaining true to their original intent of encouraging manufacturing investment and increasing employment, especially in high poverty areas. In the May Revision, the Governor argues that the current Enterprise Zone program rewards moving jobs from one place in the state to another, and that the hiring credit has been ineffective.

He proposes to refocus the hiring credit to areas of high unemployment and poverty and reward the hiring of unemployed veterans, those on public assistance, and the long-term unemployed.

The Enterprise Zone sales tax program would be statewide instead of regional, and would be a sales tax exemption for manufacturing or biotech research and development equipment. During the press conference, the Governor indicated that the exemption would equal about 4 percent of the cost of the equipment, implying that at least parts of the tax that benefit counties would be excluded.

The final part of the proposal would create a new fund administered by GO-Biz to negotiate exchanges of tax credits for investments and employment expansion within the state.
The changes are designed to be revenue neutral. A portion of the hiring credit and incentive funding would be dedicated to small businesses.

HEALTH AND HUMAN SERVICES

MEDI-CAL

Coordinated Care Initiative

Timeline. The Department of Health Care Services (DHCS) notified counties last week that the implementation date for the Coordinated Care Initiative (CCI) has been pushed back to January 1, 2014. The May Revision lays out the schedule changes for phasing in enrollees.

Los Angeles County would phase in enrollees over 12 months, subject to discussions with the federal government, and have a cap on the number of beneficiaries enrolled. San Mateo County would enroll all beneficiaries over three months, while the remaining counties — Orange, San Diego, San Bernardino, Riverside, Alameda, and Santa Clara, would enroll all beneficiaries over 12 months.

The May Revision projects a state General Fund savings for CCI of nearly $120 million ($119.6 million in 2013-14), mostly due to the Managed Care Organization (MCO) tax as described below. It should be noted that the proposed timeline changes must be approved by the Legislature.

Statewide Authority. The May Revision also included $518,000 ($259,000 General Fund) and four positions in the Department of Social Services (DSS) for the creation of a Statewide Authority for In-Home Support Services (IHSS) bargaining. The Statewide Authority is supposed to be operational before the first county implements the CCI transition of beneficiaries to managed care.

Managed Care Tax

The May Revision Budget includes a proposal for a Managed Care Organization (MCO) tax on managed care plans for the current year, 2013-14 and beyond. Funds from the tax would be matched with federal funds and divided between the health plans and other state costs for health care services for children, seniors, and those with disabilities. The MCO tax rate would mirror the Gross Premiums Tax (2.35 percent) in the current year, and then be based on the state sales tax rate (four percent) in 2013-14 and beyond. Director of the Department of Finance Ana Matosantos indicated in the May Revision press conference held this morning that the federal government had signed off on the proposal to base the MCO tax on the sales tax rate. The increased amount would be used to fund the state’s costs for the CCI project described above.
CALWORKS

Early Engagement Funds. The May Revision includes $48.3 million General Fund to fund early engagement services for new CalWORKs recipients, who, as a result of last year's budget cuts, are limited to 24 months of CalWORKs services. The early engagement funds would help counties establish a standardized assessment tool and process for new enrollees in 2013-14, and the state indicated it will establish an “appropriate level of ongoing resources” for early engagement services in 2014-2015.

Lower CalWORKs and SSI/SSP Caseloads. The May Revision reduces the General Fund cost for CalWORKs and Supplemental Security Income/State Supplementary Payment (SSI/SSP) programs by $94.5 million in 2013-14 to reflect lower-than-estimated caseload levels for the programs.

Subsidized Child Care. The Governor proposes to slightly reduce CalWORKs States 2 and 3 subsidized child care funding based on caseload data.

- **Stage 2**: Decrease 2013-14 funding by $511,000, with a total Stage 2 base cost of $397.8 million.
- **Stage 3**: Decrease 2013-14 funding by $15.1 million, with a total Stage 3 base cost of $157.5 million.

TANF Shift to Cal Grants. Building on an interagency agreement between DSS and the California Student Aid Commission from last year, the Governor proposes to shift $18.7 million in federal Temporary Assistance to Needy Families (TANF) funding to offset state Cal Grant costs.

MENTAL HEALTH

Mental Health Services Act. The May Revision authorizes the use of $947,000 in Mental Health Services Act (MHSA, or Proposition 63) funds by the Mental Health Services Oversight and Accountability Commission (MHSOAC) to hire six people to implement the Five-year Mental Health Services Act Evaluation Master Plan. MHSOAC had approved this project in March and work is expected to begin in 2013-14.

State Hospitals. The May Revision includes a proposal to establish four new units at existing state hospitals to handle intermediate and acute care cases, such as patients who are hospitalized under the Lanterman-Petris-Short Act, Incompetent to Stand Trial, Mentally Disordered Offender, and Sexually Violent Predator designations. This would cost $22.1 million ($16 million General Fund) and require 173 new staff, mostly at the level-of-care position. The Governor also adds $1.8 million and 18 positions to establish a Patient Management Unit within the Department of State Hospitals to manage patient beds and maximize utilization within existing hospitals.
HEALTHCARE

Healthcare Workforce. The May Revision includes a proposal to leverage a generous grant by the California Endowment to use up to $21 million for healthcare workforce development programs. Of that amount, $14 million would be used for health profession scholarships and loan repayments, with the remainder dedicated to financial support for family practice residency, family nurse practitioner, physician assistant and registered nurse programs in the state.

STAY TUNED FOR THE NEXT BUDGET ACTION BULLETIN!

If you would like to receive the Budget Action Bulletin electronically, please e-mail Stancia Boatner, CSAC Senior Legislative Assistant at sboatner@counties.org. We're happy to accommodate you!
DATE: May 15, 2013

TO: CSAC Board of Directors

FROM: Elizabeth Howard Espinosa
CSAC Administration of Justice Staff

RE: Public Safety Realignment (AB 109) Implementation — Informational Item

The implementation of public safety realignment (AB 109), which transferred responsibility for various adult offender populations from the state to the counties, began 19 months ago. This informational memo is intended to provide an update on CSAC’s ongoing work to support counties’ implementation of new criminal justice system responsibilities. Our efforts generally fall into one of several broad categories: advocacy, allocation/data collection, and training. While a written update on each of those categories is provided below, Susan Mauriello — chair of the Realignment Allocation Committee (RAC) — and other RAC members will provide a more in-depth briefing to the Board of Directors on the committee’s efforts toward developing an allocation formula for AB 109 growth and a longer-term allocation methodology for the programmatic funding.

ADVOCACY

Dozens of bills before the Legislature seek to amend public safety realignment in ways big and small. Most that would have reversed provisions of AB 109 have stalled. Notably, two bills that CSAC and a broad range of county and public safety stakeholders opposed in 2012 (and the Governor subsequently vetoed) were reintroduced this year:

- AB 1040 by Assembly Member Bob Wieckowski, which would require that probation officers who supervise a high-risk population be armed. AB 1968, his 2012 vehicle on this same topic, was vetoed.
- SB 199 by Senator Kevin DeLeon, which would amend the composition of the Community Corrections Partnership and its executive committee by adding two rank-and-file members. The Governor vetoed a similar measure — AB 2031 by Assembly Member Fuentes — last year. Both AB 1040 and SB 199 have become “two-year” measures, meaning they are not expected to move in 2013.

Another key element to our advocacy relates to our regular and dynamic communication with Governor Brown’s Administration — primarily Department of Finance and the Department of Corrections and Rehabilitation — as well as the sheriffs and probation chiefs. This forum is significant and productive in terms of ongoing realignment policy development. It provides an opportunity to present county concerns, identify implementation challenges, highlight county successes, and vet potential solutions. Chief among the issues on our active discussion list are: long-term offenders in county jails; health and mental health care of county jail inmates; crossover state/county mental health populations (state hospitals, mentally disorder offenders, incompetents to stand trial); upcoming changes to parole revocation process; intersection of health care and correctional policies (i.e., opportunities under implementation of federal health care reform); and three-judge panel implications.

The state’s limitations under the three-judge panel population reduction order and ongoing litigation of these issues complicates these discussions and means that quick or painless solutions are unlikely. Nevertheless, the regular communication and joint efforts to mutually resolve
problems demonstrates the Administration’s ongoing commitment to partnership and to counties’ long-term success in carrying out these very significant correctional reforms. As detailed in CSAC’s Budget Action Bulletin summarizing of the Governor’s May Revision (included as part of the Board of Directors’ materials), the Administration has put forward a proposal to address the issue of long-term offenders in county jails and has presented trailer bill language to take care of other technical AB 109 implementation issues.

In many ways, CSAC’s legislative and budget advocacy efforts mirror what likely has been counties’ arc of experience. In this first year of 2011 Realignment implementation, the majority of our work focused on managing the immediate impacts of the policy shift and ensuring that counties were supported during the transitional period. CSAC worked extensively on activities necessary to put the fiscal structure and authority in place for counties to carry out public safety realignment over the long-term. Major milestones achieved in 2012 include: codification of a two-year funding AB 109 formula, enactment of a permanent fiscal structure for the entire array of programs realigned in 2011, and continued training efforts to support counties’ success in managing new offender populations locally. Counties are lifting their focus from the immediate influx of new populations to set a longer-term course for retooling and enhancing their local criminal justice system response in a realigned world, and our advocacy efforts follow that shift. Work underway includes further refinement of data collection and reporting efforts, furthering ways CSAC can help tell the realignment story and promote promising strategies, continued analysis to support development of a long-term allocation method, and development and deployment of a thoughtful and robust training curriculum.

**Allocation/Data Collection**

In early 2011, the County Administrative Officers Association of California (CAOAC) named a 9-member RAC at CSAC’s request to tackle the 58-county distribution of AB 109 and related funds. To date, the committee has recommended – and the Legislature approved – two temporary formulas that direct the allocation of funds for the first nearly three years of implementation. The first-year formula was effective only for the initial 9-months of implementation during the 2011-12 fiscal year. Currently, a two-year formula is in place to allow time for counties to gain more programmatic experience and to permit additional analysis of the data elements needed to inform a longer-term formula.

The RAC is meeting regularly to continue its review and deliberations. Presently, the RAC is focusing on the distribution of estimated growth detailed in the table below. As part of the realignment fiscal structure codified in SB 1020 (2012), the Legislature adopted statutory provisions to guide the allocation of undistributed growth. These include elements such as a guaranteed minimum for each county; establishment of appropriate minimum allocations for small counties; adjustments for variation between estimated and actual caseloads; and efforts to implement public safety realignment consistent with legislative intent. The RAC surveyed all 58 counties for input on unique local circumstances as well.

In April, the RAC provided a briefing to county administrators, sheriffs, and probation chiefs on a proposed approach to AB 109 growth distribution. The committee gave counties an opportunity to

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1 The current membership of the RAC is as follows: three urban county administrator/executive officers (Alameda, Los Angeles and San Bernardino); three suburban CAO/CEOs (Fresno, Sonoma and Santa Cruz); and three rural CAO/CEOs (Mendocino, Kings and Tehama). The RAC is chaired by the CAO of Santa Cruz County.
Update on AB 109 Implementation

Page 3

provide input into the proposed methodology and has since received comments and correspondence from 12 counties. At this point, although discussions have occurred, the RAC has not presented a recommendation to the Department of Finance regarding distribution of AB 109 growth. The committee is taking time for continued consideration of county input and discussion of next steps.

In the meantime, the Governor’s Revision released on May 14 updated revenue estimates associated with the range of law enforcement and health and human services programs for which counties assumed responsibility in 2011. The forecast reflects a downward projection in sales tax from January, resulting in an approximately 40 percent decrease in the amount of growth attributable to the various 2011 Realignment program elements. The 2011 Realignment account is projected to receive $172.9 million overall in growth (for both law enforcement and health and human services programs) in 2012-13, down from a January projection of $294.6 million. In 2013-14, the state now estimates an overall growth amount of $314.2 million as compared to a January estimate of $342 million. Details on growth estimates specific to AB 109 programs are shown in the table below.

The growth estimate updates are applied consistent with the 2011 Realignment fiscal structure codified in SB 1020 (2012), which sets base funding amounts across all programs. The growth accounts effectively serves as a buffer so that when revenue estimates fall below projections, the programmatic funding levels are protected, so the effects of any revenue fluctuations are seen primarily in growth. CSAC has advised counties not to budget growth funds. Given the timing of the receipt of sales tax revenues, actual growth amounts will not be known until September.

### 2011 Realignment Estimated Funding Levels and Growth

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<th>In millions</th>
<th>2012-13</th>
<th>2012-13 Growth MAY ESTIMATE</th>
<th>CHANGE from January estimate</th>
<th>2013-14</th>
<th>2013-14 Growth MAY ESTIMATE</th>
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<td>$17.2</td>
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Following the RAC’s conclusion of its work associated with a recommended distribution of growth, it will turn its attention to devising a longer-term allocation formula that would apply beginning in 2014-15. To help in this effort, the RAC convened a separate advisory body to provide input on recommended elements for consideration in a long-term formula. That body – the Data Advisory Committee, which has more than 15 counties represented – is nearing a final recommendation on elements for inclusion in a more permanent formula. These elements fall in three general categories: workload, performance, and modifiers. The RAC is working toward a late Fall timeframe for recommending a longer-term funding formula.
Update on AB 109 Implementation

Page 4

As the RAC has considered the allocation question over the last several years, it has become clear that additional reliable and meaningful data is likely needed to inform a longer-term formula. The CAOs have expressed an interest in exploring a mechanism for supporting more robust data collection statewide to supplement current efforts — not only to inform long-term distribution of funds but to help identify best and promising practices that can be shared across jurisdictions. CSAC will remain active in these efforts and recognizes the value and benefits of using quality data to drive decisions. We also are participating in and monitoring discussions in the Legislature, with other state agencies, and among external research groups to ensure appropriate subject matter experts are informing decisions and harmonizing efforts across disciplines.

TRAINING

CSAC, the California State Sheriffs' Association (CSSA), and the Chief Probation Officers of California (CPOC) received two rounds of $1 million grants in 2011-12 and 2012-13 to support statewide training and technical assistance efforts to support successful implementation of AB 109 realignment. The three associations pooled the majority of the first year funding and are continuing efforts to jointly manage and administer those resources under the direction of a governing board. In 2012, the governing board approved a contract with two organizations for both logistical and content support to help carry out training efforts over long-term. Some recent and ongoing examples of successful joint training partnership efforts include:

- A two-day statewide public safety realignment conference in November 2012 focusing on population management practices; more than 600 local and state officials attended.
- A series of workshops designed to explore the intersection of health and correctional policies. The first course, which will examine criminal justice system opportunities in the context the implementation of the Affordable Care Act, will be offered twice in April, given significant demand. Follow-up courses on the economics of behavioral health intervention and ACA implementation plans and strategies will follow.
- An intensive day-long workshop on pre-trial services planned for June.
- A third annual statewide realignment conference will be held in late October 2013.

In addition, CSAC is working outside the joint training partnership to develop programs and supports to build local capacity for successful realignment implementation over the long-term. We are exploring ideas such as a leadership academy, peer-to-peer learning, regional convenings, program demonstration sites, and other strategies that can encourage counties to share best practices and to learn from one another.

CSAC recognizes that counties embarked on the implementation of realignment from different points on a continuum. Individual jurisdictions may have had more or less experiences testing community corrections approaches or evidence-based practices prior to realignment. Economic challenges, internal and community capacity to manage the new offender populations, and the profile of the offenders themselves differ greatly among the 58 counties. We recognize that success may be defined differently and arrived on differing time intervals depending on the community. Our interests are in supporting counties’ efforts over the long-term, preserving local jurisdictions’ ability to innovate, and building the capacity among and between counties to ensure proven practices and strategies can be replicated across the state.
Health and Human Services Policy Committee
Thursday, May 30 • 10:15 a.m. – 12:15 p.m.
Camellia Room • Sheraton Grand Sacramento Hotel
1230 J Street • Sacramento, CA

Supervisor Long, Ventura County, Chair
Supervisor Yeager, Santa Clara County, Vice Chair

This policy committee meeting is an in-person meeting only
and is being held as part of the CSAC 2013 Legislative Conference.

10:15 a.m.  I. Welcome and Introductions
Supervisor Kathy Long, Ventura County

10:20 – 10:45 a.m.  II. Where is Federal Health Reform Implementation Headed?
Health Coalition Partners Roundtable
Vanessa Cajina, Legislative Advocate, Western Center on Law and Poverty (invited)
Michelle Cabrera, Title, Service Employees International Union (SEIU) California (invited)

10:45 – 11:30 a.m.  III. Where is Federal Health Reform Implementation Headed?
County Partners
Melissa Stafford Jones, President & CEO, California Association of Public Hospitals and Health Systems (Invited)
Lee Kemper, County Medical Services Program (CMSP) Governing Board (Invited)
Judith Reigel, Executive Director, County Health Executives Association of California (Invited)
Patricia Ryan, Executive Director, California Mental Health Directors Association (Invited)

11:30 – Noon  IV. Senator Steinberg’s A Call to Action: Invest in Mental Health Services for Community Wellness
Diane Van Maren, Consultant, Senate President Pro Tempore Darrell Steinberg

Noon – 12:15  V. CSAC Update
Kelly Brooks-Lindsey, Senior Legislative Representative

12:15 p.m.  VI. Adjournment
AGENDA

Chair, Supervisor, Phil Serna, Sacramento County
Vice Chair, Supervisor John Benoit, Riverside County

9:00 a.m.  I. Welcome, Introductions & Approval of the Agenda
Chair, Supervisor, Phil Serna, Sacramento County
Vice Chair, Supervisor John Benoit, Riverside County

9:10 a.m.  II. Draft CEQA Reform Policy – ACTION ITEM
Cara Martinson, CSAC Associate Legislative Representative
Pete Parkinson, Planning Director, Sonoma County
Attachment One: Cover Memo and Draft CSAC Policy on CEQA Reform

9:45 a.m.  III. Transportation Financing Update
- Transportation System User Fee Proposal
- California Transportation Infrastructure Priorities Working Group
- Cap and Trade: Sustainable Communities Infrastructure Program
- Reduced Voter Threshold Legislation
Will Kempton, Executive Director, Transportation California
Kiana Buss, CSAC Associate Legislative Representative
Attachment Two: Transportation Coalition for Livable Communities Cap and Trade Proposal
Attachment Three: Fact Sheet: AB 574 (Lowenthal): Sustainable Communities Infrastructure Program

10:20 a.m.  IV. Update on Federal Tribal Possessory Interest Regulation
Jennifer Klein, Deputy County Counsel, Sonoma County

10:40 a.m.  V. Go Rail Resolution – ACTION ITEM
Roberta Mendonca, State Director, GoRail
Attachment Four: Cover Memo and GoRail Resolution in Support of Freight Rail

11:00 a.m.  VI. Adjournment
May 15, 2013

To: CSAC Board of Directors

From: Supervisor Phil Serna, Chair, Housing, Land Use & Transportation Policy Committee
Cara Martinson, CSAC Associate Legislative Representative

RE: CSAC CEQA Reform Policy – ACTION ITEM

Recommendation. Staff is recommending that the CSAC Housing, Land Use, and Transportation Policy Committee, which meets on May 30th, approve the draft CSAC CEQA Reform General Principles and Policy Statements document and recommend a support position to the CSAC Board of Directors.

Background. Last year, Senator Michael Rubio proposed significant reforms to the California Environmental Quality Act (CEQA) through a last minute legislative proposal in the waning days of the legislative session. His proposal would have taken a ‘Standards Approach’ alternative to CEQA, in essence relying on other regulatory standards in lieu of traditional CEQA project-level analysis. While his efforts were ultimately unsuccessful, the effort brought about a commitment from Senate President Pro Tem, Darrell Steinberg to work on the issue this year and bring stakeholders to the table for a meaningful reform discussion. In addition, Governor Brown has expressed an interest in reforming CEQA to streamline the approval of development and infrastructure projects and promote job creation in California. Despite Senator Rubio’s unexpected resignation in February, progress on CEQA reform is moving forward, albeit at a slightly slower pace than previously expected. The Legislature is in the process of reviewing a number of different bills that would make changes to CEQA, both large and small. Most significantly is Senator Steinberg’s bill, SB 731, which is expected to be the lead legislative vehicle on the topic and recently passed out of the Senate Environmental Quality Committee.

Policy Consideration. In order to weigh in on the numerous reform proposals, CSAC has convened a working group comprised of county counsels, planning directors and public works directors to draft a set of general principles and policy statements to guide CSAC’s advocacy efforts in the reform discussion. The group has met and developed a draft document outlining a number of priorities for counties. The document includes policy statements on a number of reform proposals currently being entertained within the Legislature. It also identifies opportunities for enhancing key areas of CEQA, to improve its effectiveness and the efficiency of the environmental review process while also ensuring for environmental protection and public involvement.

Action Requested. Staff is requesting your action to approve the CSAC CEQA Reform General Principles and Policy Statements.

Contact. For more information on this issue, please contact Cara Martinson, CSAC Associate Legislative Representative at 916-327-7500, ext. 504, or cmartinson@counties.org.
Background

The California Environmental Quality Act (CEQA), signed into law by Governor Ronald Reagan in 1970, establishes a process to incorporate scientific information and public input into the approval of development projects, both public and private. Viewed by many as California’s landmark environmental law, CEQA has attracted controversy throughout its 43 years and the current discussion of reform is only the latest round in a long-standing debate.

In 2012, Governor Brown and members of the Legislature expressed an interest in reforming CEQA to streamline the approval of development and infrastructure projects and promote job creation in California. Since that time, Senate President Pro Tem, Darrell Steinberg has committed to working to draft a set of reforms that improve California’s benchmark environmental protection law.

In order to respond to CEQA reform proposals, CSAC convened a Working Group of CEQA experts, including Planning Directors, County Counsels and Public Works Directors, to help draft general policy principles that will guide CSAC through the CEQA Reform debate.

Introduction

Counties acknowledge that CEQA provides essential environmental information to the local decision-making process. Its purpose is to ensure that governmental decisions take full account of environmental impacts, including reducing or avoiding significant environmental impacts wherever feasible, as well as fostering transparency in the decision making process.

The protection of our environment is a responsibility that counties take very seriously. Likewise, counties know that local governments must balance environmental protection and the need to complete necessary infrastructure projects and ensure the economic vitality of our communities. This balancing role is explicitly recognized in the CEQA statute and its Guidelines, which provide that CEQA must not be subverted into an instrument for the oppression and delay of social, economic, or recreational development or advancement. However, the CEQA process remains wrought with uncertainty, costly litigation, and project delays.

Counties believe there are several opportunities for enhancing key areas of CEQA to improve its effectiveness and the efficiency of the environmental review process while
ensuring that the law's environmental protection and public involvement purposes are fulfilled. As lead agencies with responsibility for a wide range of environmental resources, counties have a unique ability to provide meaningful input into the process. CSAC's focus is to identify improvements that will streamline our delivery of public works and other public projects and make our development review processes more efficient by enhancing CEQA in ways that apply our increasingly scarce resources to actions that actually protect the environment.

The following general principles and policy statements are CSAC's foundation for representing counties and the citizens they serve at both the administrative and legislative level.

**General Principles**

- Counties support the balance of sound environmental protection with the need to complete projects that promote economic prosperity and social equity. Any proposed CEQA revisions should seek to modernize, simplify and streamline the law, and not dismantle it or create new and equally complicated processes resulting in litigation.

- General purpose local government performs the dominant role in the planning, development, conservation, and environmental processes. Counties have and should retain the primary responsibility for land use decisions in unincorporated territory. In addition, counties should act as the lead agency where projects are proposed in unincorporated territory requiring discretionary action by the county and other jurisdictions.

- The CEQA process should be integrated with the planning process wherever possible, including the preparation of programmatic or master environmental documents that allow the use of tiered environmental review (including negative declarations) to achieve a more streamlined CEQA process for subsequent development and infrastructure projects.

- Counties support State funding to update and implement general plans, specific plans, sustainable communities strategies, and smart growth plans, including programmatic CEQA review of these plans.

- CSAC encourages local agencies to resolve CEQA disputes without costly litigation and in a way that buoys public confidence in local government, for instance through non-binding mediation.

- CSAC acknowledges its role to provide educational forums, informational resources and communication opportunities for counties in relation to CEQA practice and reform efforts.
Policy Statements

- Counties support statutory changes that provide lead agencies with the ability to find that de minimus contributions to a significant impact are not cumulatively considerable.

- Counties strongly support statutory changes to improve the defensibility of well-prepared mitigated negative declarations (MND), including but not limited to applying the substantial evidence standard of review to MNDs that meet certain criteria, such as those prepared for projects that are consistent with the existing General Plan and zoning.

- CEQA currently allows for potential issues to be raised late in the decision-making process, giving rise to disruptive and counterproductive tactics known as "late hits" and "document dumps" to stall the project review process. Counties support limits on the submittal of late input into the process. In order to raise an issue in court, counties assert that the issue with an EIR or MND must have been raised during the Draft EIR or MND public comment period, unless the new issue was not known and could not have been raised earlier.

- Counties support CEQA exemptions and streamlining for infill projects in both cities and existing urbanized areas in counties. Conditions for such exemptions and streamlining processes should be based on population densities or other objective measures of urban development, rather than arbitrary jurisdictional boundaries.

- Roadway infrastructure projects that protect the health and safety of the traveling public are subject to project delivery delays due to environmental review, even when a project replaces existing infrastructure. Counties support categorical and/or statutory exemptions and streamlining for road safety projects in the existing right-of-way.

- Counties support programmatic Environmental Impact Reports (EIRs) and standardized mitigation measures for the flood management system, levee maintenance and capital projects that fall under certain thresholds.

- Counties support providing the courts with more practical discretion to sever offending parts of a large project that is subject to CEQA litigation and allow the beneficial parts of a project to proceed when they are not relevant to the court's CEQA decision.

- Counties support transparency in the preparation and distribution of environmental documents. To accomplish this, CSAC supports State funding and assistance for the electronic filing of documents. Further, counties believe they
are in the best position to decide how to make governmental information available to non-English speaking communities within their jurisdictions. Counties do not support state-mandated translation of CEQA documents.

- Counties believe that existing environmental laws and regulations can, in some circumstances, be used to streamline the CEQA process and avoid unnecessary duplication. However, Counties also believe that any such standards or thresholds must be found by the lead agency to be specifically applicable to the project where they are applied. If the use of existing environmental laws is intended to exempt a project from further CEQA review, it should be focused on specific impacts and limited to "qualified standards" that the lead agency reasonably expects will avoid significant impacts in the area addressed by the standard.

- Challenges to the contents of the administrative record have become a common way to create litigation delays and increased costs. Counties support a statutory clarification that the contents of an administrative record only include all documents that were submitted to the relevant decision making body before the challenged decision. Counties further support a statutory clarification that the record of proceedings shall be subject to certification of its accuracy and scope by the public agency, and that the resolution of any disputes regarding the preparation and certification of the record shall occur through noticed motions that will be briefed and heard concurrently with the briefing and hearing on the merits.

- Counties support statutory revisions to increase the transparency of parties filing CEQA lawsuits, and limit CEQA actions to those brought by persons or entities with an environmental rather than solely economic interest in the project.

- Counties support statutory revisions to the private attorney general statute governing awards of attorneys’ fees, which are available to petitioners but not defendants. This low-risk, high-return imbalance in favor of petitioners is one of the primary drivers for CEQA litigation.

- Counties support the use of the substantial evidence standard for challenges to a categorical exemption.
May 15, 2013

To: CSAC Board of Directors

From: Supervisor Phil Serna, Chair, CSAC Housing, Land Use & Transportation Policy Committee
       Kiana Buss, CSAC Associate Legislative Representative

RE: GoRail Resolution – ACTION ITEM

Recommendation. GoRail is requesting that CSAC support a resolution (attached) that freight rail offers viable economic, transportation, and environmental solutions in California. The resolution appears to fit within existing CSAC policy, outlined below. CSAC Housing, Land Use, and Transportation Policy Committee (HLT Policy Committee) leadership and CSAC staff are recommending that the CSAC Board of Directors (Board) take action consistent with the recommendation from the HLT Policy Committee on the GoRail Resolution. The recommendation will be reported to the Board during its meeting on May 30 during the 2013 CSAC Legislative Conference in Sacramento.

Background. GoRail is an organization comprised of rail stakeholders, community leaders, and the public in support of freight rail as solutions to national transportation and economic challenges. According to their website, "Freight volumes have been forecast to grow approximately 92 percent by 2035 and many highways are already stretched beyond capacity. The nation faces a complex freight mobility challenge and it is essential that non-highway options are available to keep goods moving." Further, GoRail maintains that, "Freight rail is an excellent alternative. Shipping more freight by rail saves taxpayers money, promotes cleaner air and greater fuel efficiency, improves safety, and lessens worsening highway congestion." Since 2004, over 4,000 local, county and state government officials and business, academic, and community leaders in 30 states have joined GoRail in engaging policy makers in Washington on the importance of freight rail to our economy and our quality of life.

Policy Consideration. CSAC’s policy on transportation is one that supports a balanced, seamless, and multi-modal system that provides for the safe and efficient transport of people, while facilitating the movement of goods and services vital to the economic health of the state. CSAC’s transportation policy does not distinguish between freight rail and passenger rail, but it does recognize that rail in general plays a key role in a coordinated statewide transportation network, and that continued support for rail systems will help balance the state’s transportation needs. From an environmental perspective, CSAC’s policy on climate change recognizes that climate change will have a harmful effect on our environment, public health and economy. Recognizing the complexity involved with reducing greenhouse gases (GHGs), there is a need for a variety of approaches and strategies to reduce GHG emissions.

Action Requested. CSAC Housing, Land Use, and Transportation Policy Committee leadership and CSAC staff is requesting that the CSAC Board of Directors take action consistent with the forthcoming recommendation from the HLT Policy Committee.

Contact. For more information on this issue, please contact Kiana Buss, CSAC Associate Legislative Representative at 916-327-7500, ext. 566, or kbuss@counties.org.
Resolution in Support for Rail Solutions to Economic and Transportation Challenges

Whereas, a healthy freight rail network is a key to job growth in California and continued U.S. economic recovery;

Whereas, freight rail is a powerful job creation engine, generating $265 billion of total economic activity annually and translates into jobs all across the country and in every sector of the economy;

Whereas, America’s freight railroads invest 40 cents of every dollar they earn back into the rail network, getting minimal support from the government;

Whereas, freight railroads have invested more than $480 billion back into capital needs and expansion since 1980;

Whereas, America’s freight railroads move one third of American exports, playing a key role in U.S. international competitiveness while offering the lowest rail rates in the world and employing 175,000 workers directly and accounting for an additional 150,000 jobs in the railway supply industry;

Whereas, freight railroads in California employ 8,672 residents, operating over 5,307 miles of track;

Whereas, every direct railroad job also supports 4.5 additional jobs – on farms, in factories and mines, and throughout the economy;

Whereas, freight rail service is instrumental to retaining existing jobs and attracting new businesses to California communities;

Whereas, freight shared by trains and other transportation modes through rail intermodal service transports almost 12 million truck trailers or containers a year, meaning greater economic efficiency, less fuel consumed, lower emissions and less traffic on our roads;

Whereas, affordable and efficient transportation is critical to the California economy now and in the future,

Whereas, freight rail is the engine to keep our economy strong, hauling 43 percent of the nation’s intercity freight—more than any other transportation mode;

Resolved, the California State Association of Counties joins in lauding the freight rail industry for making infrastructure investments that are critical to sustaining jobs, building a stronger economy, reducing highway congestion, improving air quality and providing a better quality of life in California and for all Americans on this date, month, day, year.

SIGNED:                                                                                      SIGNED:
Government Finance and Operations Policy Committee
CSAC Legislative Conference
Thursday, May 30, 2013 — 8:30 a.m. till 10 a.m.
Sheraton Grand Hotel, Camellia Room
Sacramento County, California

Supervisor Bruce Gibson, San Luis Obispo County, Chair
Supervisor John Moorlach, Orange County, Vice Chair

8:30 a.m.  I. Welcome and Introductions
Supervisor Bruce Gibson, San Luis Obispo County, Chair
Supervisor Bruce McPherson, Santa Cruz County, Vice Chair

8:35 II. Raising Rates, Reducing Volatility: CalPERS Changes Its
Smoothing Policies
Alan Milligan, Chief Actuary, CalPERS

9:00 III. Another Budget, Another Perspective
Marianne O'Malley, Director of General Government, Legislative
Analyst's Office
Brian Uhler, Local Government Issues, Legislative Analyst's Office

Jean Kinney Hurst, Senior Legislative Representative, CSAC

9:40 V. Employers' Duties Under the Affordable Care Act
Eraina Ortega, Legislative Representative, CSAC
Faith Conley, Senior Legislative Analyst, CSAC

9:55 VI. Legislative Update
Jean Kinney Hurst, Senior Legislative Representative, CSAC
Eraina Ortega, Legislative Representative, CSAC
Geoffrey Neill, Senior Legislative Analyst, CSAC
Faith Conley, Senior Legislative Analyst, CSAC

10:00 VII. Closing Comments and Adjournment
Supervisor Bruce Gibson, San Luis Obispo County, Chair
Supervisor John Moorlach, Orange County, Vice Chair
AGENDA

Supervisor Kim Vann, Colusa County, Chair
Supervisor Linda Seifert, Solano County, Vice-Chair

10:30 a.m.  I. Welcome and Introductions
Supervisor Kim Vann, Colusa County, Chair

10:35 – 11:00  II. Climate Action through Conservation in Sonoma County: A Model Climate Strategy for Counties
Karen Gaffney, Program Manager, Sonoma County Agriculture Preservation & Open Space District
Michelle Passero, The Nature Conservancy

11:00 – 11:25 III. CAL Fire Report: Update on the 2013 Fire Season; State/Federal Cooperative Fire Protection; SRA Fees
Janet Barentson, Chief Deputy Director, CAL FIRE
Andy McMurry, Deputy Director of Fire Protection and Prevention, CAL FIRE

11:25 – 11:50 IV. 2013 Legislative Hot Topics:
Water Bond
SRA Fee
Proposition 39
Cap and Trade
Solid Waste Management
Karen Keene, CSAC Senior Legislative Representative
Cara Martinson, CSAC Associate Legislative Representative

11:50 – 12:15 p.m. V. Working Lands Coalition Cap and Trade Proposal
Joe Caves, Conservation Strategies Group

12:15 VI. Closing Comments & Adjournment
Supervisor Federal Glover, Contra Costa County, Chair
Supervisor John Viegas, Glenn County, Vice-Chair

8:30  I.  Welcome and Introductions
      Supervisor Federal Glover, Contra Costa County

8:35  II.  How Does Childhood Experience Affect a Young Person’s Interaction – or
       Lack Thereof – with the Criminal Justice System
       Angela Irvine, Director of Research, National Council on Crime and Delinquency

8:55  III. Changes to Parole Revocation Process – An Update from the California
      Department of Corrections (CDCR) and the Administrative Office of the
      Courts (AOC)
      Shelley Curran, Senior Manager, Criminal Justice Court Services Office, AOC;
      Guillermo Viera Rosa, Associate Director, Division of Adult Parole, CDCR

9:15  IV.  How to Increase Employment Success for Former Offenders and Other
       Hard to Place Populations
       Carla Javits, President and Bill Heiser, Center for Employment
       Opportunities, The Roberts Enterprise Development Fund (REDF)

9:35  V.  2011 Criminal Justice Realignment/ Corrections Update
       Elizabeth Howard Espinosa and Rosemary L. McCool, CSAC Administration of
       Justice Staff
       - State’s Response to Federal Three-Judge Panel
       - Realignment Training Efforts

9:50  VI.  2012 Budget and Legislative Update
       Elizabeth Howard Espinosa and Rosemary L. McCool, CSAC Administration of
       Justice Staff
       - Governor’s 2013-14 May Revision

10:00 VII. Closing Remarks and Adjournment
         Supervisor Federal Glover, Contra Costa County
April 5, 2013

To: CSAC Board of Directors

From: Terry Woodrow, CSAC Treasurer
       Matt Cate, Executive Director

RE: CSAC 2013-14 Budget – ACTION ITEM

As Treasurer of CSAC, I present to you the proposed budget for the 2013-14 fiscal year. In conjunction with the Executive Director the attached revenue and spending plan for the upcoming year is hereby submitted for your approval.

**Recommendation:** Adopt the proposed 2013-14 CSAC budget with a dues increase to raise our level of effectiveness in Sacramento and to build capacity to effectively participate in advocacy and legal activities as warranted. This proposed budget was unanimously approved by the Executive Committee at its meeting on April 18, 2013.

**Reason for Recommendation:** The budget presented today reflects the costs associated with CSAC’s mission of advocacy, membership services and public/private partnerships. The budget then identifies the necessary level of resources to achieve continued success.

CSAC has become one of the most influential associations in California. To become the preeminent voice for local government, CSAC must have the resources to achieve our goal of driving policy development in the Capitol. The legislature must continue to ask “where is CSAC on this issue” before moving on legislation that affects counties. In addition, while we have built a healthy partnership with the Governor, the administration must know that we can stand strong in the Capitol and in the courts if our vital interests are threatened.

In order for CSAC to achieve a higher level of effectiveness in Sacramento, we need additional county revenues to support critical advocacy and legal staffing needs. As you know, CSAC recently promoted DeAnn Baker to Director of Legislative Affairs. Now we seek to build on that foundation.

First, we must to continue to invest in advocacy and communications work associated with the Affordable Care Act (ACA) budget negotiations. With literally billions of dollars on the line, last month the officers approved CSAC’s strategy to conduct a statewide public relations, communications and grassroots campaign to advocate against the state’s plan to realign state responsibilities to counties and to take back vital funding needed to implement the ACA. To win this fight, CSAC has contracted with a top California PR firm, has established an 11-member coalition of major stakeholders called Protect the Health Care Safety Net and is conducting a statewide grassroots advocacy campaign. These efforts have already required a significant financial investment and may be required throughout the current legislative session and well into next year.
Second, we need an analyst/advocate in the area of Administration of Justice to ensure we effectively allocate and invest the $1 billion we receive annually for AB 109 implementation. Data collection and analysis is critical to inform allocation formulas, including growth and the permanent allocations. We also must effectively advocate for the improvements to realignment necessary to improve public safety outcomes.

Third, we need to add a Housing, Land Use and Transportation analyst/advocate to support our efforts to secure Cap and Trade auction revenues for transportation purposes. CSAC has also been asked by the Secretary of Transportation to participate on a California Transportation Finance Workgroup to determine the highest priorities for transportation spending. As part of this process, stakeholders will explore long-term funding options and evaluate the best ways to address our transportation needs in California. With literally billions of dollars in deferred transportation needs at stake, we must have competent and qualified staff to meet this challenge.

Fourth, legal counsel is critical for continued success in the areas of mandate and revenue protections over the broad scope of county interests. CSAC played a significant role in the development and implementation of both Proposition 1A (2004) and Proposition 30 (2012), in addition to negotiating the successful securitization of the Proposition 1A borrowing in 2009. Since so much of the state/county relationship is now tied to the provisions of these two ballot measures, it has become increasingly necessary to evaluate the efficacy of program and revenue changes from a legal perspective. CSAC currently relies heavily on the County Counsels’ Association for our legal needs, including drafting constitutional amendments, reviewing bills and drafting amendments, and seeking legal advice on policy issues. While they do an excellent job, the County Counsels’ Association has only one attorney on staff and is tasked with coordinating legal briefs amongst the 58 counties, yet is also pulled into a variety of discussions regarding proposed state actions. If funded, CSAC plans to hire the current County Counsel Association staff attorney and pay to backfill the Association’s administrative needs. This move is vital now to inform our discussions and negotiations related to implementation of the ACA and ensuing Medi-Cal changes. There is substantial variation in how counties deliver health services, with county hospital and health systems being particularly complex. As you know, CSAC’s Board recently voted to reject the Governor’s proposal to realign child care services to counties without constitutional guarantees on revenues and costs associated with future programmatic changes.

Nonetheless, the Administration continues to propose very complex fiscal transactions with numerous legal and policy implications for counties. Strong legal advice by dedicated CSAC counsel will be critical to ensuring counties maximize their legal protections under the constitution and state law.

Finally, to build on our successes over the past few years, CSAC must elevate our standing in the political arena by participating in additional partnerships and building new coalitions. The changing political climate requires forging new alliances with other advocacy groups and simultaneously strengthening our existing relationships with our affiliates and member counties. Often these efforts require a financial investment in the coalition’s outreach plan.
**Dues Increase:** CSAC dues have been stable since 2008 when the great recession wreaked havoc on county budgets. CSAC expenses have been reduced each year while making every effort to meet the enormous challenges presented by the Capitol over that same period. To provide a higher level of service and build on our success as an organization, additional revenue is needed. Without a dues increase, the Executive Director believes strongly that we will not be able to meet the goals set by the CSAC Board. Without this investment in key staff, we may see our influence in the Capitol begin to diminish over time.

The suggested methodology seeks to achieve an equitable dues adjustment. Each county’s budget and population were taken into account. Counties are placed in dues brackets that reflect similarities in size and percentage share. All counties are asked to contribute. The overall increase statewide is $631,000.

By way of comparison, our closest competitor in the Capitol is the League of Cities. The League’s annual dues are $6 million out of a $14 million annual budget and it employs 59 staff. Currently, CSAC collects dues of $2.8 million out of a $9 million budget and employs 28 staff. In 2008, CSAC employed 33 staff. While budget and staffing resources do not always equal influence or victories, we must recognize they are important factors in our long term success.

**Highlights of the proposed CSAC FY 2013-14**

**Revenues**

- Infusion of an additional $631,000 from a dues increase.
- Corporate Associates is expected to grow, generating $182,000 additional net revenue.
- Finance Corporation estimated contribution remains unchanged at $3.3 million.
- Increase in rate charged for courses offered by the Institute for Excellence in County Government generating an additional $75,000.

**Expenses**

- CSAC staff will be asked to absorb additional share of retirement contributions.
- CSAC will reduce health benefit costs by eliminating a provider option.
- Trim travel costs by $57,000.
- Add two analyst/advocates in key areas as described.
- Fund our current ACA communication, grassroots coalition- building efforts
- Budget for future statewide advocacy campaigns
- Provides funding for CSAC County Counsel legal support.
- Provides $75,000 for tenant improvement to the Ransohoff building for a new tenant in the Pyramid space.
## California State Association of Counties
### Proposed Budget
#### FY 13-14

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<tr>
<th>Revenues:</th>
<th>Projected FY 12-13</th>
<th>Budget FY 12-13</th>
<th>Budget FY 13-14</th>
<th>Budget FY 13-14</th>
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<td>2,799,506</td>
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<td><strong>Total Revenues</strong></td>
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<td><strong>8,713,885</strong></td>
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<th>Expenditures:</th>
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<td>Outside Contracts &amp; Grassroots Advocacy</td>
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<td><strong>Total Expenditures</strong></td>
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<td><strong>9,309,110</strong></td>
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<td><strong>Year End Balance</strong></td>
<td><strong>(357,710)</strong></td>
<td><strong>(521,340)</strong></td>
<td><strong>(595,225)</strong></td>
<td><strong>35,775</strong></td>
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# 13/14 Budget

## Income:

<table>
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<tr>
<th>Account</th>
<th>Explanation</th>
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<tr>
<td><strong>Membership Dues</strong></td>
<td>Annual dues from counties.</td>
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<tr>
<td><strong>Finance Corp Participation</strong></td>
<td>CSAC Finance Corporation contributions to CSAC.</td>
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<tr>
<td><strong>Rent &amp; Parking Income</strong></td>
<td>Rental income for 1100 K Street and 1029 K Street. Almost 50% vacancy at this time which is a result of the age of the facility and is in line with Sacramento's current office rental market. Signed on with Cornish &amp; Carey Commercial to assist in finding tenants.</td>
</tr>
<tr>
<td><strong>Administrative Miscellaneous</strong></td>
<td>1) Administration fees collected from CSAC affiliates for payroll and benefit services, raising rates from 4 to 5%. 2) 15% of total dues collected for SB90.3 sales for CSAC rosters &amp; legislative bulletin. 4) Printing and copying revenue generated from the CSAC print shop. 5) Interest income from checking accts and Caltrust accounts. 6) Contract for computer services with LA County. 7) Sale of database mailing list, labels, soft drink commissions and fees from job advertising on CSAC website.</td>
</tr>
<tr>
<td><strong>CSAC Conferences</strong></td>
<td>General registration fees for CSAC annual conference and legislative conference.</td>
</tr>
<tr>
<td><strong>Outside Contracts</strong></td>
<td>CEAC contract.</td>
</tr>
<tr>
<td><strong>Corporate Associates</strong></td>
<td>Corporate Associates membership dues and sponsor revenues for CSAC conferences. Exhibitor and pre income now included on this line item. **Program budget has been restructured to reflect all revenue generated by program.</td>
</tr>
<tr>
<td><strong>CSAC Institute</strong></td>
<td>Registration revenue. Figure includes a registration rate adjustment.</td>
</tr>
</tbody>
</table>

## Expenses:

<table>
<thead>
<tr>
<th>Account</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries/Benefits</strong></td>
<td>1) Salaries assumes hiring advocacy staff as noted in the Treasurer's report. Some staff may receive a merit increase in January '14 if warranted. Does not assume any COLA's. 2) Employees are currently contributing 2% to retirement. Budget reflects an additional retirement contribution from employees. 3) Benefits to include health, dental, vision, EAP, life and workers comp. Discontinuing one health plan. 4) Payroll tax. 5) Auto allowance. 6) Strategic planning workshop.</td>
</tr>
<tr>
<td><strong>Staff Outreach</strong></td>
<td>Includes all in and out-of-town business expenses for legislative and administrative staff, awards, plaques for members and other misc expenses for employees. Cut all travel accounts by 15%.</td>
</tr>
<tr>
<td><strong>Leadership Outreach</strong></td>
<td>All business expenses for CSAC board of directors, executive committee and officers. Cut by 15%.</td>
</tr>
<tr>
<td>ACCT#</td>
<td>EXPLANATION</td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>NACO MEETINGS &amp; TRAVEL</td>
<td>ALL COSTS ASSOCIATED FOR LEGISLATIVE, ADMINISTRATIVE STAFF AND BOARD MEMBERS TO ATTEND NACO SUPPORTED EVENTS. CUT BY 15%.</td>
</tr>
<tr>
<td>INTERNAL AFFAIRS/COMMUNICATIONS</td>
<td>1) ALL COSTS ASSOCIATED WITH PRODUCING &amp; DISTRIBUTING THE ROSTER 2) CHALLENGE AWARDS 3) LEGISLATIVE BULLETIN 4) WEB SITE 5) WRITTEN, AUDIO AND VIDEO COMMUNICATIONS.</td>
</tr>
<tr>
<td>CSAC CONFERENCES</td>
<td>ALL COSTS ASSOCIATED WITH LEGISLATIVE AND ANNUAL CONFERENCE.</td>
</tr>
<tr>
<td>FACILITIES</td>
<td>ALL COSTS ASSOCIATED WITH THE MAINTENANCE OF 1100 K STREET AND 1029 K STREET. COSTS INCLUDE REPAIRS, UTILITIES, PHONES, INSURANCE, JANITORIAL, DEBT SERVICE AND PROPERTY TAXES. INCLUDES $75,000 TENANT IMPROVEMENT FOR NEW TENANT IN PYRAMID SPACE.</td>
</tr>
<tr>
<td>OPERATIONS</td>
<td>ALL COSTS ASSOCIATED WITH OPERATIONS SUCH AS 1) CELL PHONES 2) MEMBERSHIP FEES 3) OFFICE SUPPLIES 4) POSTAGE/DELIVERY 5) R&amp;M AND PURCHASES OF COMPUTERS AND EQUIPMENT 6) CPA'S AND LEGAL CONSULTING/STAFF 7) PROFESSIONAL SERVICES SUCH AS WATERMAN CONTRACT 8) COPIERS AND BUSINESS EQUIPMENT 9) CSAC'S RENT.</td>
</tr>
<tr>
<td>OUTSIDE CONTRACTS &amp; GRASSROOTS</td>
<td>CEAC EXPENDITURES AND CONTRIBUTIONS TO CCSP AND ILG. STATEWIDE ADVOCACY CAMPAIGNS.</td>
</tr>
<tr>
<td>CORPORATE ASSOCIATES</td>
<td>ALL COSTS ASSOCIATED WITH MANAGING CORPORATE ASSOCIATES PROGRAM.</td>
</tr>
<tr>
<td>CSAC INSTITUTE</td>
<td>ALL COSTS ASSOCIATED WITH MANAGING AND IMPLEMENTING THE CSAC INSTITUTE.</td>
</tr>
</tbody>
</table>
MEMORANDUM

To: Supervisor David Finigan, and
Members of the CSAC Board of Directors

From: Jennifer Henning, Litigation Coordinator

Date: May 30, 2013

Re: 2013-2014 Litigation Coordination Budget

Recommended Action:

Adopt the 2013-2014 Litigation Coordination Program.¹

Reason for Recommendation:

There has been only a small 3% fee increase in the Litigation Coordination Program in the last four years. However, this year, in order to pay for cost increases (primarily retirement and health insurance increases), the Litigation Coordination Fee must be increased by 11%. The fee increase, which amounts to an increase of $1,700 for the largest counties and $19 for the smallest counties, will allow the Program to continue to provide high quality coordination to counties and court representation to CSAC for the upcoming fiscal year.

Background:

The Litigation Coordination Program is an important service provided by CSAC to its members. The Program allows counties to save litigation costs by coordinating in multi-county cases, and by sharing information and resources. The Program also filed amicus curiae, or “friend of the court,” briefs on CSAC’s behalf in State and federal appellate cases in order to advance the interest of all counties in the courts.

The Litigation Coordination Program is funded through a fee administered and collected directly by CSAC. The fees are held in a separate fund and used to pay for costs of the Program, including 80% of the Litigation Coordinator’s salary, a portion of the County Counsels’ Association’s office space, and other expenses associated with operating the Program.

¹ The County Counsels’ Association’s Litigation Overview Committee and Board of Directors, and the CSAC Executive Committee have all voted to recommend approval of the budget.
The Program has operated during the last four years without minimal fee increases by:
  • leaving a position vacant following a staff retirement,
  • shifting a portion of staff costs to the County Counsels’ Association’s budget,
  • providing no salary increases to the Litigation Coordinator for the last two years, and
  • negotiating a reduction in office lease space.
Having exhausted these cost saving measures, this year requires a fee increase in order to keep up with rising costs.

The proposed budget does include a 3% salary increase for the Litigation Coordinator after holding salaries flat for the last two years. However, even if the salary were to remain flat for another year, Program fees would still have to increase approximately 8% rather than the 11% shown in the proposed budget.

I am keenly aware that our member counties continue to face difficult budget decisions throughout the State. However, the costs of operating the Program are increasing, despite all efforts to reduce expenses. Further, the demands on the Program continue to grow. If the Program is not fully funded, we will have to make cuts in litigation services at a time when our ability to respond with sound legal advice and coordinated litigation if necessary is most critical.

**Conclusion**

The proposed 2013-2014 Litigation Coordination Program budget is a responsible budget intended to ensure the Program services continue with as little impact on county revenues as possible. I remain dedicated to this Program and to providing the highest quality legal representation to CSAC in the courts. I appreciate your support of the Litigation Coordination Program, and ask that you recommend approval of the proposed Fiscal Year 2013-2014 Litigation budget to the CSAC Board of Directors.

Attachments:

Proposed Litigation Budget
Litigation Budget Comparison 2011-12 to 2013-14
Proposed 2013-14 Litigation Program Fees
CSAC/County Counsels’ Association
LITIGATION COORDINATION PROGRAM
FISCAL YEAR 2013-2014 BUDGET
Approved by Litigation Overview Committee on April 17, 2013
Approved by County Counsels’ Association Board of Directors on April 17, 2013
Approved by CSAC Executive Committee on April 18, 2013
Adopted by CSAC Board of Directors on ____________, 2013

INCOME:

Membership Dues ................................................................................. 335,721.00

TOTAL INCOME .................................................................................. 335,721.00

EXPENSES:

Salaries .................................................................................................. $164,569.00
Retirement .............................................................................................. 74,903.00
Employee Group Insurance .................................................................. 49,542.00
Payroll Tax ............................................................................................ 2,275.00
CSAC Administrative Fees .................................................................. 7,283.00
Staff Expense and Travel .................................................................... 2,100.00
Communications .................................................................................. 1,200.00
On-Line Expense .................................................................................. 2,130.00
Membership Fees ................................................................................ 485.00
Office Supplies .................................................................................... 400.00
Postage/Delivery .................................................................................. 500.00
Printing - Commercial .......................................................................... 2,500.00
Printing - In House .............................................................................. 450.00
Leases - Property ................................................................................ 25,000.00

TOTAL EXPENSES ............................................................................. 333,087.00

Projected Revenue Over Expenses ...................................................... 2,634.00

LITIGATION COORDINATION PROGRAM
FISCAL YEAR 2013-2014 BUDGET
## LITIGATION COORDINATION PROGRAM

Budget Comparison (2011/12-2013/14)
Prepared for Fiscal Year 2013-2014 Budget

<table>
<thead>
<tr>
<th></th>
<th>2011-12 Actual</th>
<th>2012-13 Budget</th>
<th>2012-13 Projected+</th>
<th>2013-14 Budget</th>
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<tbody>
<tr>
<td><strong>INCOME:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Membership Dues</td>
<td>$309,175.00</td>
<td>$299,362.00</td>
<td>$299,362.00</td>
<td>$335,721.00</td>
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<td>Misc. Income</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td><strong>TOTAL INCOME:</strong></td>
<td><strong>$309,175.00</strong></td>
<td><strong>$299,362.00</strong></td>
<td><strong>$299,362.00</strong></td>
<td><strong>$335,721.00</strong></td>
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<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Salaries</td>
<td>$162,166.24*</td>
<td>$158,005.00</td>
<td>$158,758.08*</td>
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<td>40,342.00</td>
<td>46,301.12</td>
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<td>Staff Travel/ Training</td>
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<td>Law Clerk</td>
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<td>Communications</td>
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<td>1,200.00</td>
<td>2,013.67</td>
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<td>On-Line Expenses</td>
<td>2,125.04</td>
<td>2,200.00</td>
<td>2,046.43</td>
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<td>Publications</td>
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<tr>
<td>Membership Fees</td>
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<td>425.00</td>
<td>485.00</td>
<td>485.00</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>40.00</td>
<td>400.00</td>
<td>300.00</td>
<td>400.00</td>
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<tr>
<td>Postage/Delivery</td>
<td>532.91</td>
<td>500.00</td>
<td>444.31</td>
<td>500.00</td>
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<td>Printing- Commercial</td>
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<td>2,000.00</td>
<td>2,791.86</td>
<td>2,500.00</td>
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<tr>
<td>Printing – In-House</td>
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<td>650.00</td>
<td>400.00</td>
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<td>Leases – Property</td>
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<td>24,364.56</td>
<td>25,000.00</td>
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<td>Payroll Tax</td>
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<td>2,289.00</td>
<td>2,208.75</td>
<td>2,275.00</td>
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<td>Admin Fees</td>
<td>6,426.35</td>
<td>6,386.00</td>
<td>6,884.03</td>
<td>7,283.00</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$305,282.28</strong></td>
<td><strong>$294,748.00</strong></td>
<td><strong>$316,082.74</strong></td>
<td><strong>$333,087.00</strong></td>
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<td>Revenues Over/(Under) Expenditures</td>
<td>$3,892.72</td>
<td>$4,614.00</td>
<td>$(16,720.74)</td>
<td>$2,634.00</td>
</tr>
</tbody>
</table>

+ Based on Financial Statements through November 30, 2012
* Includes vacation buyout
PROPOSED LITIGATION COORDINATION FEES
(Grupoed by 2007-2011 Department of Finance population figures.)

Approved by the Board of Directors of the County Counsels’ Association on April 17, 2013.
Approved by the CSAC Executive Committee on April 18, 2013.
Approved by the CSAC Board of Directors on ____________, 2013.

(9 counties 1,000,000 or over)
Los Angeles $15,456 17,156
San Diego
Orange
Santa Clara
San Bernardino
Riverside
Alameda
Sacramento
Contra Costa

(7 counties 500,000 to 999,999)
Fresno $10,303 11,436
San Francisco
Ventura
San Mateo
Kern
San Joaquin
Stanislaus

(112 counties 200,000 to 499,999)
Sonoma $5,152 5,719
Santa Barbara
Monterey
Solano
Tulare
Santa Cruz
Marin
San Luis Obispo
Placer
Merced
Butte
Yolo
(8 counties 100,000 to 199,999)
Shasta $2,062,285
Yolo
El Dorado
Imperial
Humboldt
Napa
Kings
Madera

(8 counties 50,000 to 99,999)
Nevada $1,030,143
Mendocino
Sutter
Yuba
Tehama
Lake
Tuolumne
San Benito

(12 counties 10,000 to 49,999)
Siskiyou $517,574
Calaveras
Lassen
Amador
Del Norte
Glenn
Plumas
Colusa
Inyo
Mariposa
Trinity
Mono

(3 counties under 10,000)
Sierra $175,194
Alpine
Modoc
May 30, 2013

To: CSAC Board of Directors

From: Nancy Parrish, Executive Director, CSAC Finance Corporation

RE: Finance Corporation Program Update

The CalTRUST Board of Trustees and the CSAC Finance Corporation held their Annual Meetings in April. Below are some highlights from those meetings.

- Wells Capital Management reported that CalTRUST assets are currently at $1.7 billion which is an increase of $500 million from December of last year and closing in on our goal of $2 billion by the end of this calendar year.
- The CSAC Finance Corporation Board approved an agreement with Extend Health for a Medicare Eligible Retiree Healthcare Program. With the contract in place that program has now launched.
- Nationwide Retirement Solutions announced that they have come to agreement with NACo on the Deferred Compensation program sponsored by the CSAC Finance Corporation and will restore the previously planned cuts to our revenue.
- The CSCDA Commission has come to an agreement with the State Treasurer to hire an Executive Director, rebid for administrative services and renegotiate the way revenues are distributed to the CSAC Finance Corporation and the League of California Cities in exchange for tabling AB 1059 which would have prohibited the Commission from using private sector contractors. (see attached)
- Our U.S. Communities Cooperative Purchasing program is expected to see growth in 2013 having finally recovered from the loss of the Office Depot contract in 2010.
- CSAC Finance Corporation reserves were higher than expected due to increases in some revenues and reductions in expenses. As a result the board approved an additional allocation to CSAC of $250,000 for this fiscal year.
Lockyer Ends Dispute with California Conduit Issuers

by: Randall Jensen
Tuesday, April 23, 2013

TAHOMA, Calif. — Ending years of acrimony, California Treasurer Bill Lockyer has agreed to a peace treaty with two conduit bond issuers he has long criticized.

Lockyer, the California Statewide Communities Development Authority, and the California Municipal Finance Authority announced late Monday the accords, which will result in major changes to the issuers' operations while shelving proposed legislation sponsored by the treasurer meant to reform the two joint powers authorities.

"These are major steps forward, and the leadership of the JPAs should be commended for taking them. I look forward to working with CSCDA and CMFA as partners," Lockyer said in a statement.

Lockyer, who oversees state conduit issuers that compete with CSCDA and CMFA, had been a long-time critic of the two joint-powers authorities, which are operated by private firms.

Conduit bond issuers help local governments, nonprofits or other projects with a public benefit sell and manage bonds. CSCDA ranked second by volume among all municipal bond issuers in California from 2008 through 2013, according to Thomson Reuters data. CMFA ranked 26th.

The treasurer argued the contractors for the two authorities participated in their boards' decisions about projects, and thus had a direct financial interest in the boards' approval of projects because they make money on the resulting bond sales. Both issuers had said they did not believe their services violated any conflict of interest laws.

The key changes highlighted by Lockyer are that CSCDA and CMFA will each hire an executive director who will answer directly to their governing board, who will make recommendations on approval of bond financing, have no financial stake in those decisions, and that both authorities will competitively bid contracts for the advisor services every three years.

In return, the author of the Lockyer-sponsored legislation, Assemblyman Bob Wieckowski, D-Fremont, has agreed to shelve his bill regulating the JPA conduits, Assembly Bill 1059, which would have extended current law that bans government employers or politicians from having a financial interest in any contract they make in their official capacity to independent contractors.

CSCDA, known as California Communities, paid the consulting firm HB Capital Resources Ltd. $50 million, or 59% of revenues, from July 2006 through June 2011, and the CMFA paid its consultant Sierra Management Group LLC $4.6 million, or 49% of revenues, over the same period, according to report last year by the state auditor.
The treasurer has signed an agreement with CSCDA, a joint powers authority, and its JPA sponsors the California State Association of Counties and the League of California Cities. The CSCDA board is expected to approve the agreement soon.

A similar, tentative agreement has been reached with the CMFA representatives, which should be approved this week by its board, Lockyer's office said.

"We're pleased to enter into this agreement with Treasurer Lockyer," said CSCDA Chairman Larry Combs in the announcement provided by the treasurer's office. The CMFA made a similar comment in the statement.

The CMFA is a joint-powers authority created in 2004 by municipalities and special districts.

The CSCDA is one of the largest conduit issuers in the country. HB Capital won the original contract to run the JPA in 1988 from the authority's co-sponsors, the California State Association of Counties and the League of California Cities.

Lockyer has targeted the JPA conduits for years; the authorities, particularly CSCDA, have been doing deals that would otherwise likely been issued through authorities staffed by the state treasurer's office, such as the California Health Facilities Financing Authority.

The feud between Locker and the conduits flared up again this year over Wieckowski's proposed measure.

Lobbyists for the two JPAs sent a letter to lawmakers in January asking them to come to them first before putting forward any legislation proposed by Lockyer's office. Lockyer responded with a letter to Senate President Pro Tem Darrell Steinberg, calling their lobbyists' comments "a tired canard they have trotted out time and again to kill reasonable reforms."

Lockyer had urged lawmakers to request the state auditor's review of the two JPA conduits.

In August, state auditor Elaine Howle said in her report that it was unclear whether the two JPAs, staffed by employees of private consulting firms, have violated conflict of interest laws by paying fees to the firms based on how many bonds they sell.

Howle said in an update to its report released in February that the legislature should either enact a law that creates an exception for the two conduits or clearly prohibit or limit such a model.
In recent years the sponsors and commission of the California Statewide Communities Development Authority (CSCDA) have taken affirmative steps to improve the governance and management model for the 26-year old Authority, including the appointment of current and former city and county management and finance professionals as commissioners, the retention of an independent general counsel, the adoption of standing policies for soliciting proposals for professional services every three years, and updating of various Authority issuance policies and fees. The sponsors and chair of CSCDA believe the following additional steps would further cement this progress and agree to recommend them to the Commission at the next regular meeting. The State Treasurer supports these actions, believes they would eliminate the need for AB 1059 (Wiekowski), and agrees to request that the author not proceed with the scheduled hearing on the bill in 2013.

- **Conduct RFP Process and Approve New Program Management Agreement.** The Commission will develop an appropriate RFP for program management and advisory services and conduct a full, fair and transparent RFP process for such services. After careful assessment, the Commission will adopt a new agreement. In accordance with the Commission’s existing policy adopted in January, 2012, the contract will be reviewed annually by the Executive Director and Commission, and every three years the Commission will issue a new RFP for these services.

- **Independent Executive Director.** The Commission will acquire the services of an independent executive director and such other staff as determined necessary by the Commission who is/are directly accountable to the Commission and paid on a fixed cost basis to: review and approve meeting agendas before posting; review and approve all proposed financings for compliance with CSCDA bylaws, guidelines and policies; review and determine that all required local and state approvals have been secured; review and recommend modifications as necessary to CSCDA guidelines, policies and fee schedules; confer with CSCDA General Counsel and Issuer Counsel on any issues before the CSCDA Commission that require legal review; provide the only professional recommendations to the Commission on every agenda item; and carry out such other duties as requested by the Commission.

- **Adopt New Sponsor Agreements.** Under the JPA agreement establishing CSCDA, CSAC and the League are identified as the sole "sponsors" of the JPA and have important appointment and oversight responsibilities. The Commission will update and adopt new sponsor and services agreements with the League and CSAC to reflect the value of the sponsorship of CSCDA by the two statewide organizations and the direct administrative, lobbying, marketing, program development and oversight services provided by the League and CSAC. The Commission will evaluate different methods of compensation for the sponsorship and services as part of the
adoption of the new agreements, including the adoption of policies to ensure that public funds are expended for measurable, competitively-priced goods and services for all contractors, including sponsors as appropriate.

The parties further agree to cooperate in the issuance of compatible media statements, if any, which underscore the positive benefits of these steps. The State Treasurer agrees to request that the hearing on AB 1059 be cancelled by the author, to withdraw any pending requests for legal or other review, and to not seek any further legal or other review of these matters.

Executed this 19th day of April, 2013 in Sacramento, California.

Larry Combs, Chair, CSCDA

Honorable Bill Lockyer, State Treasurer

Christopher McKenzie, Executive Director
League of California Cities (CSCDA Sponsor)
(CSCDA Sponsor)

Mathew Cate, Executive Director
California State Association of Counties
**Update on Activities (May 2013)**

**Background:** Founded in 1955, the Institute for Local Government (ILG) serves as the nonprofit, 501(c)(3) research affiliate of the California State Association of Counties and League of California Cities.

The Institute's mission is to support good government at the local level with practical, impartial and easy-to-use materials. ILG leverages CSAC's and the League's annual investment in ILG with funding from foundations, the private sector, state universities and other sources. These outside sources provide approximately 4/5s of ILG's funding.

Every year, the Institute board engages in a goal setting process as part of its overall strategic plan. A recurring key goal is to support CSAC and the League. The following are highlights of activities since the last CSAC board meeting.

**Supporting Outreach and Education Efforts**

- **CSAC Institute**
  - ILG organized two sessions for the final segment (mid-April) of CSAC's New Supervisors' Institute. The sessions were on effective meetings and intergovernmental collaboration.
  - ILG also organized a full day CSAC Institute seminar on effective meetings in late April. The picture at right is Marin County's Chief Assistant County Administrator Mona Miyasato sharing her county's outreach & engagement efforts at that session.

- **Other Presentations, Conference Sessions and Webinars for Local Officials**
  - Public Engagement, Ethics, Local Government 101 and Intergovernmental Collaboration Teams
    - ILG staff was a panelist at the Land Use Section of the County Counsels Association on ethics. Other panelists included the FPPC Chair (former Santa Clara County Counsel Ann Ravel) and two retired county counsels.

**Promoting Good Government at the Local Level**
ILG was a sponsor and exhibitor at the annual meeting of CAPIO (California Association of Public Information Officers) in Napa.

Ethics staff provided AB 1234 training to local officials in Siskiyou County and Santa Rosa, as well as an ethics session for CallAFCo staff (along with the FPPC’s chief of enforcement).

ILG organized a session on “Understanding the Basics of City and County Revenue” for the Gold Country Regional Chapter of the California Special District Association.

Dealing with deeply held concerns in public engagement processes was the subject of an ILG webinar in March (available on the ILG website at: www.ca-ilg.org/webinar/webinar-effective-public-engagement).

ILG organized a meeting of local officials interested in immigrant welcoming efforts in the East Bay in March. www.ca-ilg.org/event/local-multi-sector-immigrant-welcoming-efforts

**Sustainability Team**

The following organizations invited ILG staff to make presentations about ILG resources available to local officials:

- The San Mateo City/County Association of Governments Resource Management and Climate Protection Committee
- Western Riverside Council of Governments Energy Summit
- Sustainable Napa County Policy Makers Summit
- Green California Summit (ILG organized and moderated two sessions).
- CALED annual conference (ILG organized and moderated a session for local economic development practitioners on sustainable economic development)
- CSU-San Bernardino, Palm Desert Campus meeting of local agency sustainability managers and sustainability faculty
- EnviroBro Radio Show (Sacramento)

www.ca-ilg.org
Highlighting the Good Work Being Done at the Local Level

- **State Agency Meetings.** ILG staff met with staff of the California Air Resources board (February 28), participated in a Governor’s Office of Planning and Research “roundtable” for local officials to share ILG resources on energy efficiency, and attended a discussion hosted by the Office of Planning and Research/UC Berkeley on general plan guidelines relating to infill.

- **Beacon Program Adds More Participants.** Several new agencies are now participating in the Institute’s sustainability recognition program, with several more in process. As of early May, 45 counties and cities are demonstrating their leadership in sustainability, saving energy and reducing greenhouse gas emissions by participating in the Beacon Program.

- ILG highlighted local agency sustainability efforts and resources to help local officials in posts on the CSAC Blog, the County Voice.

**Resources and Publications**

- Two newly added online resource centers offer local officials collection of whitepapers and case stories on the following topics:
  - Sustainable Economic Development, [www.ca-ilg.org/SustainableED](http://www.ca-ilg.org/SustainableED)
  - Meetings, [www.ca-ilg.org/meetings](http://www.ca-ilg.org/meetings), which includes a new whitepaper on dealing with disruptiveness at public meetings: [http://www.ca-ilg.org/getting-meetings-back-on-track](http://www.ca-ilg.org/getting-meetings-back-on-track)


**May ILG Board Meeting**

ILG board members heard a presentation from the New America Foundation research associate Rachel Burstein on the Foundation’s newly released study on how innovation occurs in local government (available at [http://ccip.newamerica.net/publications/policy/the_case_for_strengthening_personal_networks_in_california_local_government](http://ccip.newamerica.net/publications/policy/the_case_for_strengthening_personal_networks_in_california_local_government)). Among the study’s conclusions is that personal networks are key, in part because local officials look for information sources that are trusted and provide information that can help through all stages of the process of putting into place improved systems for serving the public.

County representatives on the ILG board include Greg Cox (San Diego County Supervisor), Salud Carbajal (Santa Barbara County Supervisor), Rick Haffey (Chief Executive Officer, Nevada County) and Matt Cate (CSAC Executive Director).

[www.ca-ilg.org](http://www.ca-ilg.org)
**Relationship to ILG.** At the request of CSAC and the League, ILG took on staffing responsibilities for this sister nonprofit in 2011 as a cost-saving measure. CCS' is dedicated to improving the conditions of children, families and communities at the local level by promoting and encouraging coordination, integration and increased efficiency of local services and joint facilities use among cities, counties and schools in all California communities.

**CCS Board Meeting.** The following individuals on the CSAC board and counties are on the CCS Partnership Board of Directors, which met to discuss (among other things) anti-bullying efforts on April 19.

- **John Gioia**
  First Vice President, CSAC
  Supervisor, Contra Costa County
- **Dave Cortese**
  Supervisor, Santa Clara County
- **Don Saylor**
  Supervisor, Yolo County
- **Brad Wagenknecht**
  Supervisor, Napa County
- **Alan Fernandes**
  Chief Legislative Representative, Los Angeles County (added at the April meeting)

**Safe Routes to Schools Toolkit.** This resource provides city, county and school officials and staff with information on how to design communities and fund programs that facilitate safe walking and bicycling by students and other residents. The funders have just provided their feedback on the beta version of the toolkit, which staff are incorporating. Once that occurs, the toolkit will launch! The Institute is planning two informational webinars on the toolkit and market it broadly to local officials in June.

**Community Schools Partnerships Toolkit.** With the Safe Routes to Schools toolkit development wrapping up, a key focus in the coming months will be getting started on CCS’ next project, which will be developing an online toolkit providing resources to local officials on opportunities for counties, cities and schools to partner in providing services and facilities in service to children and families through community schools partnerships. CCS has secured additional funding for this resource from Kaiser Permanente, the Stuart Foundation and shortly, United Way East Bay.

**CCS Moves to Upgraded Web Presence.** CCS moved to a more modern website platform over the last quarter. It will enable CCS to deliver information in a more timely and effective manner.

MEMORANDUM

To: Supervisor David Finigan, President, and Members of the CSAC Board of Directors

From: Jennifer Henning, Litigation Coordinator

Date: May 30, 2013

Re: Litigation Coordination Program Update

This memorandum will provide you with information on the Litigation Coordination Program’s activities since you received your last regular update on February 21, 2013. If you have questions about any of these cases, please do not hesitate to contact me.

I. New Amicus Case Activity Since February

A.D. v. California Highway Patrol
712 F.3d 446 (9th Cir. Apr. 3, 2013)(09-16460), petition for rehearing denied (May 13, 2013)

Defendant CHP Officer Markgraf pursued a stolen car driven (without headlights) by Karen Eklund at speeds exceeding 100 m.p.h. She eventually turned onto a dead-end street, and Markgraf stopped his vehicle broadside to the stolen car and approached on foot with gun drawn. Officer Markgraf unsuccessfully tried to get Eklund to surrender, but she merely yelled obscenities and rammed the CHP vehicle three times. About 25 seconds after the first ramming, Markgraf opened fire, killing Eklund. Eklund’s children brought this action alleging Officer Markgraf used unconstitutional deadly force. The trial judge denied qualified immunity motions before and after the jury’s verdict, and the jury returned a verdict for plaintiffs against Officer Markgraf. The Ninth Circuit affirmed, agreeing that the facts supported a reasonable inference that Officer Markgraf acted with the purpose to harm Eklund that was unrelated to a legitimate law enforcement objective. The CHP is seeking United States Supreme Court review, and CSAC will file a brief in support.

City of Monterey v. Carrnshimba

Defendant opened a medical marijuana dispensary in the City of Monterey. The city refused to issue a business license for the operation and demanded that it cease and desist since dispensary operations are not a permitted use under the zoning code. Shortly thereafter the city enacted a moratorium
expressly banning dispensaries. The city then secured a permanent injunction prohibiting
the dispensary's operation as a public nuisance, effective for the duration of the
moratorium. The defendant appealed, arguing the moratorium could not be applied
retroactively. He also challenged the city's position that the pre-moratorium dispensary
operation was a public nuisance. In an unpublished opinion, the Court of Appeal concluded
the controversy was moot because the injunction had since expired and the defendant had
vacated the property. The court nevertheless ruled on the merits, concluding that "the case
presents important issues of substantial and continuing public interest." The court went on
to conclude that the dispensary operation was an impermissible use under the pre-
moratorium code and therefore constituted a public nuisance per se. Further, once the
moratorium passed, the defendant had no vested rights in the illegal use, so the continued
operation of the dispensary remained a public nuisance. CSAC's request to publish the
opinion was granted.

**Concerned Dublin Citizens v. City of Dublin**
2013)

The First District Court of Appeal upheld the City of Dublin’s use of a CEQA
streamlining provision to approve a 7 acre residential development within a larger
development for which a specific plan and EIR have already been approved and adopted.
Applying the substantial evidence standard of review, the court found that the streamlining
provision (Gov. Code, § 65457) was properly applied here because: (1) the project is
residential, with only incidental non-residential components; (2) the project is consistent
with the adopted specific plan; and (3) no changes have occurred since adoption of the
specific plan that would trigger the need for a supplemental EIR. CSAC’s publication
request was published.

**Cordova v. City of Los Angeles**
for review granted (Mar. 20, 2013)(S208130)

Plaintiffs sued the city after their three children were killed in a car accident. They
claim that the city’s design of the roadway, with trees in a center median, violated roadway
design principles and maintenance that call for a clear zone. The Second District affirmed
a ruling in favor of defendants. The court found that there was no evidence that the
roadway design was the cause of the criminal neglect of the driver who caused the
accident. The court noted that there was nothing about the road design that would cause a
person driving at or near the speed limit to suddenly veer into the trees, and that plaintiffs
did not allege that the trees obscured the view, or caused people to drive at unsafe speeds
such that they might veer into the trees. As such, summary judgment was properly granted.
The California Supreme Court has granted review to the following issue: May a
government entity be liable where it is alleged that a dangerous condition of public
property existed and caused the injury plaintiffs suffered in an accident, but did not cause
the third party conduct that led to the accident? CSAC will file a brief in support of the
City of Los Angeles.
CREED-21 v. San Diego Association of Governments
 Pending in the Fourth District Court of Appeal, Division One (filed Jan. 15, 2013)(D063288)

The San Diego Regional Association of Governments (SANDAG) was the first region in the state to adopt a regional planning blueprint under the guidelines of SB 375, which is intended to integrate transportation, housing and land use to create more sustainable communities. The planning blueprint, called the 2050 RTP (Regional Transportation Plan), was adopted on a 17-1 vote after a two year public process. Plaintiff then filed this CEQA challenge to the plan. The Attorney General intervened, alleging a failure to properly consider greenhouse gas issues and a failure to consider alternative transportation options. The San Diego County Superior Court set aside the EIR. The court found that the EIR was impermissibly dismissive of an Executive Order signed by Governor Schwarzenegger (EO S-03-05) in 2005, which sets three target dates for progressive reductions in emissions. The court rejected SANDAG’s argument that EO S-03-05 only set a goal, and that the required reduction targets, set by the Air Resources Board pursuant to AB 32 and SB 375, would be met. Instead the court found that SANDAG’s approach amounted to “kick[ing] the can down the road” by attempting to defer mitigation requirements to local jurisdictions. CSAC will file a brief in support of SANDAG.

Ford v. City of Yakima
706 F.3d 1188 (9th Cir. Feb. 8, 2012)(11-35319), petition for rehearing pending (filed Mar. 8, 2013)

A police officer initiated a traffic stop of a vehicle that plaintiff was operating because of a violation of the City’s noise ordinance. Ford began yelling at the officer. Thereafter the officer made several statements to his partner and to Ford to the effect that Ford’s complaint and protestations may convince the officer to make a custodial arrest rather than citing and releasing Ford for the noise violation. Ford was tried and found not guilty of the noise violation. He then filed this civil rights action against the city and the officers alleging that in electing to arrest and book him, the officers retaliated against Ford for exercising his First Amendment right to freedom of speech. The trial court rule in favor of the defendants, but the federal Ninth Circuit Court of Appeals reversed, finding that an officer violates the First Amendment if he makes a decision to book an arrestee (rather than cite and release) in retaliation for the arrestee’s exercise, after the moment of arrest, of First Amendment rights, even if the arrest is supported by probable cause and the booking decision is authorized under state law. Moreover, according to the majority, this right was clearly established as of 2007 so the officer was not entitled to a qualified immunity. The city is seeking rehearing. CSAC has filed a letter in support.
Guerrero v. Superior Court (Weber)
Plaintiff alleged that she worked as an IHSS worker 7 hours per day, 7 days per week for several months, but that her hours were fraudulently claimed by the recipient’s grandmother. As a result, plaintiff received no payment for the work she allegedly performed. She brought this action seeking to recover her wages from the Sonoma County Human Resources Director and the Manager of the Sonoma County IHSS Public Authority. The trial court ruled in favor of the defendants, concluding that Sonoma County is not plaintiff’s employer for purposes of wage and hour laws. The Court of Appeal reversed, concluding, among other things, that the county and public authority may be joint employers with the recipient under the Fair Labor Standards Act (FLSA). A petition for California Supreme Court review is pending. CSAC has filed a letter in support.

Pacific Bell v. City of Livermore
Pending in the First Appellate District (filed Oct. 1, 2012)(A136714)
The City of Livermore, applying its ordinance favoring the undergrounding of new utilities, denied Pacific Bell’s request to string its fiber-optic telephone lines above-ground, citing concerns about the appearance of the proposed lines. Pacific Bell sued, claiming that Public Utilities Code sections 7901 and 7901.1 preempted the local regulation of telephone lines for aesthetic and public safety purposes. The trial court ruled in favor of the city, finding that section 7901 specifically allows local regulations based on aesthetics and public safety. Pacific Bell has appealed. CSAC has filed a brief in support of the City of Livermore.

Qualified Patients Assoc. v. City of Anaheim
Pending in the Fourth Appellate District, Division Three (filed Jan. 30, 2012)(G046417)
In 2007, the City of Anaheim enacted an ordinance banning medical marijuana dispensaries. The trial court upheld the ordinance. In the first appeal, the court left open the issue of whether the State’s Medical Marijuana Program Act (MMPA) preempts local ordinances regulating medical marijuana activities. The case went back to the trial court, and the court upheld all but the criminal penalties of the ordinance against the state preemption challenge. The court found that there is no conflict between the MMPA and the city’s ordinance. The court also concluded that the Compassionate Use Act (CUA) “clearly does not occupy the field of medical marijuana distribution.” Similarly the court found that the MMPA does not fully occupy the area of medical marijuana distribution law. The court did conclude that the CUA preempts the criminal sanctions, but concluded that the criminal sanction portion of the ordinance is severable. The remaining provisions making medical marijuana dispensaries a nuisance per se were upheld. Plaintiff has again appealed. CSAC will file a brief in support of the City of Anaheim.
Riverside County Sheriff's Dept v. Stiglitz

An employee of the Sheriff’s Department (Drinkwater) was charged with falsifying time documents. She was ultimately terminated, and requested an administrative appeal of her termination. During that administrative appeal, Drinkwater filed a Pitchess motion seeking to examine the personnel records of eleven officers. The hearing officer ordered an in camera review of the records, but before the review took place, the Sheriff’s Department filed a writ petition and sought an immediate stay in the trial court. The trial court granted the writ, concluding that only judicial officers may rule on Pitchess motions, and thus no Pitchess motions may be brought or considered in an administrative hearing. On appeal, the Fourth District reversed, holding that a hearing officer in an administrative appeal of the dismissal of a correctional officer has the authority to grant a Pitchess motion. The Supreme Court has granted review. CSAC will file a brief in support of the Riverside County Sheriff.

II. Amicus Cases Decided Since Last Executive Committee Meeting

In addition to the new amicus cases already decided, which are discussed above, the following amicus cases have been decided since the Board’s last meeting in February:

City of Auburn v. Sierra Patient & Caregiver Exchange, Inc.
Outcome: Positive

A medical marijuana dispensary secured a business license to operate in the City of Auburn as a florist, but undercover police efforts revealed it was a dispensary. The city sought an injunction to close the operation, claiming it was a public nuisance since the city’s zoning code expressly bans medical marijuana dispensaries. The trial court granted the injunction. On appeal, defendant argued that the city’s total ban on dispensaries is preempted by state law, and that the city’s nuisance abatement action violated his procedural due process rights. The Third District affirmed in an unpublished opinion, concluding that defendant committed a nuisance per se by surreptitiously opening a dispensary. CSAC filed a brief in support of the city.

Corenbaum v. Lampkin
Outcome: Positive

Plaintiff was injured by defendant, a drunk driver who conceded fault for the accident. After the jury’s verdict in favor of plaintiff was final, the California Supreme Court decided Howell v. Hamilton Meats & Provisions (2011) 52 Cal.4th 541, which held that for past medical damages, a plaintiff was not entitled to the full amount billed for medical treatment, but only the amount accepted by the medical providers as payment in
full. But Howell expressly reserved the issue as to whether the full amount billed for medical treatment is admissible on other issues, such as noneconomic damages or future medical expenses. Based on Howell, defendant appealed the verdict. The Second District held "that evidence of the full amounts billed for plaintiffs' medical care was not relevant to the amount of damages for past medical services, damages for their future medical care or noneconomic damages." CSAC filed an amicus brief in this case in response to a request for the court for briefing on the issue.

County of Los Angeles v. Superior Court (Anderson-Barker)
Outcome: Negative

Attorney Anderson-Barker works in the same office as two other attorneys who represent a plaintiff in a civil rights action against Los Angeles County. She filed a Public Records Act request for the invoices and time records of the law firms representing the County in the civil rights action, as well as canceled checks or other writings reflecting payment to those firms. The County denied her request, taking the position that the documents were attorney-client communications, attorney work product, and exempt from disclosure under the CPRA's "pending litigation" exemption in section 6254, subdivision (b). Anderson-Barker sought a writ of mandate. The trial court ruled that the documents were not attorney-client privileged communications, and that any work product showing the thought process and impressions of counsel could be redacted from the records. The court also found that the pending litigation exemption only applied to records specifically prepared for use in litigation, which did not include billing records. The County sought a writ in the Second District on the pending litigation exception ruling. (It did not challenge the attorney-client privilege or work product rulings.) The court denied the writ summarily, but was later directed by the California Supreme Court to consider the merits. The court then denied the writ, finding that the records were not prepared for use in the civil rights litigation, but were only incident to the lawsuit. Since the dominant purpose of the records was not for use in litigation, but as part of the "normal record keeping and to facilitate the payment of attorney fees on a regular basis," the exemption did not apply. CSAC supported the county's petition for review, but review was denied.

Harris v. City of Santa Monica
Outcome: Positive

A city bus driver was terminated during her probationary period based on several incidents of misconduct, but also shortly after she disclosed to her employer that she was pregnant. She sued the city for pregnancy discrimination. At trial, the city sought jury instructions on the mixed-motive affirmative defense. The trial court refused, and instead instructed the jury that the city was liable for discrimination if plaintiff's pregnancy was a motivating factor for the discharge even if other factors may have also contributed to the decision. The jury returned a verdict for plaintiff. The Second District reversed, finding that the court's failure to instruct the jury on the mixed-motive affirmative defense
deprived the city of a legitimate defense. On rehearing, the court reached the same outcome, concluding that the mixed-motive defense is available to an employer accused of employment discrimination. The judgment was reversed and the case was remanded for retrial. The Supreme Court granted review, and affirmed: “We hold that under the FEHA, when a jury finds that unlawful discrimination was a substantial factor motivating a termination of employment, and when the employer proves it would have made the same decision absent such discrimination, a court may not award damages, backpay, or an order of reinstatement. But the employer does not escape liability. In light of the FEHA’s express purpose of not only redressing but also preventing and deterring unlawful discrimination in the workplace, the plaintiff in this circumstance could still be awarded, where appropriate, declaratory relief or injunctive relief to stop discriminatory practices.” CSAC filed a brief in support of the city.

McWilliams v. City of Long Beach
Outcome: Negative
The plaintiff brought a class action against the City of Long Beach, challenging the city’s telephone users tax (TUT) and seeking refunds. The trial court dismissed the complaint, but the Court of Appeal reversed. The court considered whether the plaintiff was entitled to file the required pre-lawsuit claim on behalf of the class, or whether each member of the class was required to file an individual claim. Citing Ardon v. City of Los Angeles, the court held that the plaintiff may file a class claim for a TUT refund. The Supreme Court granted review and affirmed, concluding that a local ordinance is not a “statute” within the meaning of the Government Claims Act. CSAC filed a brief in support of the City of Long Beach.

MHC Financing Limited Partners v. City of San Rafael
--- F.3d ---, 2013 U.S.App.LEXIS 7718 (9th Cir. Apr. 17, 2013)(09-16447)
Outcome: Positive
This case is a takings challenge to the City of San Rafael’s mobilehome ordinance. The ordinance as enacted in 1989 permitted park owners to annually increase rents by no more than a graduated percentage of the CPI. In 1993, the ordinance was amended to include a vacancy control provision preventing park owners from raising rents when a resident transfers his or her home to a third party. The ordinance was then challenged as a taking by plaintiff’s predecessor in interest, but was upheld by the Ninth Circuit. In 1999, the city amended the ordinance again to alter the formula for allowable rent increases, replacing the graduated percentage of the CPI (as established by the 1989 Ordinance) with a flat rate of 75% of CPI. Plaintiff then brought this action alleging the amendments were a taking. The district court found in favor of plaintiff, concluding that the amendments made it certain that mobilehome pad rents would fall progressively further behind market rents. The Ninth Circuit reversed, concluding that the ordinance does not constitute a taking using the economic impact and investment-backed expectations standards in Penn Central. The court also held that because the ordinance was rationally related to a conceivable public
purpose, the ordinance did not amount to a private taking, nor did it run afoul of substantive due process. CSAC filed a brief in support of the City of San Rafael.

Save Cuyama Valley v. County of Santa Barbara
Outcome: Positive
The Second Appellate District upheld an EIR for a gravel mining operation in Santa Barbara County. The court found, among other things: (1) local agencies have discretion to deviate from the threshold of significance in Appendix G of the CEQA Guidelines without formally adopting a different threshold; (2) the reasons for deviating from the Appendix G thresholds do not need to be explained in the EIR because the Appendix G does not create presumptive thresholds, but rather merely suggests thresholds that an agency can use; and (3) it is not inconsistent to find an impact does not require mitigation, but nevertheless include mitigation measures in an abundance of caution. CSAC’s publication request was granted.

Schmeer v. County of Los Angeles
Outcome: Positive
In 2010, Los Angeles County adopted an ordinance prohibiting affected stores from providing plastic bags to customers. The ordinance also required that a store charge 10 cents for each recyclable paper bag provided to a customer. The 10 cents is retained by the store to cover its compliance costs, including recovering its actual costs for providing the paper bags. The 10 cents is not remitted to the county and does not generate any revenue for the county. Plastic bag manufacturers and taxpayers challenged the ordinance alleging that the 10 cent charge on paper bags is an invalid tax under Prop. 26. The trial court denied a petition for writ of mandate and declaratory relief, noting that Prop. 26 was intended to apply to revenue generation measures, but here, no portion of the 10 cents is collected by the county nor spent by the county to pay for any public program. As such, the court concluded that the 10 cents charge is not a special tax under Prop. 26, and voter approval from two-thirds of the electorate in the county was not required to adopt the ordinance. The Second District affirmed: “We conclude that the paper carryout bag charge is not a tax for purposes of article XIII C because the charge is payable to and retained by the retail store and is not remitted to the county.” CSAC filed a brief in support of the county.
### CSAC Institute Course List for Summer/Fall 2013

<table>
<thead>
<tr>
<th>Number</th>
<th>Course Name</th>
<th>Credits</th>
<th>Instructor</th>
<th>Date</th>
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<tr>
<td>360 L</td>
<td>Managing Conflict (even hostility) in Comfort</td>
<td>3</td>
<td>Bill Chiat</td>
<td>Thursday, 11 July</td>
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<tr>
<td>111 L</td>
<td>Art &amp; Practice of Elected Leadership</td>
<td>3</td>
<td>Rich Callahan</td>
<td>Thursday, 18 July</td>
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<tr>
<td>368 P</td>
<td>Cost Principles for County Government and Non-profit Partners</td>
<td>3</td>
<td>CalCPA Foundation</td>
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<tr>
<td>387 P</td>
<td>Grant Seeking and Grant Writing Basics&lt;sup&gt;N&lt;/sup&gt;</td>
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<td>Foundation Center</td>
<td>Friday, 9 August</td>
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<td>152 P</td>
<td>Shaping the Landscape: Land Use &amp; Environmental Stewardship</td>
<td>3</td>
<td>Peter Detwiler</td>
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<tr>
<td>380 L</td>
<td>Talent Development and Succession Planning</td>
<td>3</td>
<td>Benest/Vaillancourt</td>
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<td>307 P</td>
<td>Realignment 301: Where the Funds Flow</td>
<td>3</td>
<td>A. Pease, R. Manchia</td>
<td>Friday, 6 September</td>
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<td>371 L</td>
<td>Building and Maintaining a Team Culture</td>
<td>3</td>
<td>Jerry Esterson</td>
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<td>363 L</td>
<td>Thinking Strategically in Trying Times</td>
<td>2</td>
<td>Rich Callahan</td>
<td>Friday, 20 September</td>
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<td>316 P</td>
<td>Unraveling Public Employment Retirement Systems and Benefits</td>
<td>3</td>
<td>John Bartel</td>
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<td>120 L</td>
<td>Art &amp; Practice of Organizational Leadership</td>
<td>3</td>
<td>Frank Benest</td>
<td>Friday, 4 October</td>
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<td>357 L</td>
<td>When Bad Things Happen: Managing Crises and the Unexpected</td>
<td>3</td>
<td>Sheri Benninghoven</td>
<td>Thursday, 10 October</td>
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<td>373 L</td>
<td>Leadership Practices in Project Management&lt;sup&gt;N&lt;/sup&gt;</td>
<td>3</td>
<td>Bob Flecher/Vanir</td>
<td>Friday, 11 October</td>
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<td>154 P</td>
<td>Stretching the County Dollar: Tools for Financing</td>
<td>3</td>
<td>CSAC Finance Corp.</td>
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<td>379 L</td>
<td>Developing Leadership and Mgt Practices in the Next Generation&lt;sup&gt;N&lt;/sup&gt;</td>
<td>3</td>
<td>John King</td>
<td>Friday, 1 November</td>
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<td>124 L</td>
<td>Leadership and Change: Practices to Move Organizations</td>
<td>3</td>
<td>Bill Chiat</td>
<td>Monday, 18 November</td>
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<td>140 L</td>
<td>Interpersonal Relations – Why won’t they change for me?</td>
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<td>Bill Chiat</td>
<td>Tuesday, 19 November</td>
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<td>386 P</td>
<td>Public Engagement Methods in the County Budgeting Process&lt;sup&gt;N&lt;/sup&gt;</td>
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<td>ILG</td>
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<td>Current Policy Issues in Realignment and the Affordable Care Act</td>
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<td>366 P</td>
<td>Detecting Fraud in Governmental and Non-Profit Environments</td>
<td>3</td>
<td>CalCPA Foundation</td>
<td>Thursday, 12 December</td>
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<td>125 L</td>
<td>Polishing the Presentation: Advanced Practices in Communication&lt;sup&gt;N&lt;/sup&gt;</td>
<td>3</td>
<td>Bill Chiat</td>
<td>Friday, 13 December</td>
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L = Leadership Course    P = Policy & Governance Course    N = New Course
2013 CSAC Board of Directors
Calendar of Events

January
16  CSAC Executive Committee Orientation Dinner, Sacramento County
17  CSAC Executive Committee Meeting, Sacramento County

February
21  CSAC Board of Directors Meeting, Sacramento County
    10:00am – 1:30pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814

March
2-6  NACo Legislative Conference, Washington, D.C.

April
18  CSAC Executive Committee Meeting, Los Angeles County
25-26 CSAC Finance Corporation Meeting, Sonoma County

May
22-24 NACo Western Interstate Region Conference, Flagstaff, Arizona
29-30 CSAC Legislative Conference, Sacramento County
30  CSAC Board of Directors Meeting, Sacramento County
    12:00pm – 3:00pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814

July
19-23 NACo Annual Meeting, Tarrant County, Ft. Worth, Texas

August
8   CSAC Executive Committee Meeting, Sacramento County

September
5   CSAC Board of Directors Meeting, Sacramento County
    10:00am – 1:30pm, CSAC Conference Center, 1020 11th Street, 2nd Floor, Sacramento, CA 95814
12-13 CSAC Finance Corporation Meeting, Santa Barbara County

October
9-11 CSAC Executive Committee Retreat, Location TBD
21-25 NACo National Council of County Association Executives Annual Fall Meeting

November
19-22 CSAC 119th Annual Meeting, San Jose, Santa Clara County
21   CSAC Board of Directors Meeting, San Jose, Santa Clara County
    2:00pm – 4:00pm, San Jose Marriott, 301 South Market Street · San Jose, California 95113

December
4-6  CSAC Officers Retreat, Napa County