

CSAC BOARD OF DIRECTORS

BRIEFING MATERIALS

Thursday, December 3, 2015

2:00 p.m. 4:00 p.m.



Meeting Location:

Monterey Marriott

San Carlos Rooms 1 & 2



California State
Association of Counties



CALIFORNIA STATE ASSOCIATION OF COUNTIES
BOARD OF DIRECTORS
Thursday, December 3, 2015, 2:00pm - 4:00pm
San Carlos Ballroom 1 & 2, Marriott Hotel, Monterey

A G E N D A

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

Presiding: Vito Chiesa, President

2:00pm PROCEDURAL ITEMS

1. Roll Call Page 1

2. Approval of Minutes of September 3, 2015 Page 3

2:10pm SPECIAL PRESENTATIONS

3. California Disaster Assistance Act Funding Process Page 7
 - *Nancy Ward, Cal OES Deputy Director*

4. CSAC Corporate Partners Program Report Page 10
 - *David Broome, Aetna*
 - *Jim Manker, CSAC staff*

5. CSAC Finance Corporation Report Page 12
 - *Supervisor Linda Seifert, CSAC Finance Corp. President*
 - *Alan Fernandes, CSAC Finance Corp. Executive Vice Pres.*

2:30pm ACTION ITEMS

6. Election of 2016 Executive Committee Handout
 - *Matt Cate, CSAC Executive Director*

7. CSAC Policy Committee Reports Page 16
 - Administration of Justice
 - *Supervisor John Viegas, Chair*
 - *Darby Kernan, CSAC staff*

 - Agriculture, Environment and Natural Resources Page 17
 - *Supervisor Diane Dillon, Chair*
 - *Karen Keene & Cara Martinson, CSAC staff*

 - Government Finance and Operations Page 19
 - *Supervisor Henry Perea, Chair*
 - *Dorothy Holzem & Faith Conley, CSAC staff*

 - Health and Human Services Page 20
 - *Supervisor Ken Yeager, Chair*
 - *Farrah McDaid-Ting, CSAC staff*

 - Housing, Land Use and Transportation Page 21
 - *Supervisor Phil Serna, Chair*
 - *Kiana Buss, CSAC staff*

8. CSAC Executive Director's Report and Resolution Authorizing Page 22
Conduct of CSAC Business
 - *Matt Cate, CSAC Executive Director*

3:00pm ACTION ITEMS (cont.)

9. Request for Position on State Fees on Hospitals. Federal Medi-Cal Matching Funds. Initiative Statutory and Constitutional Amendment Page 23
- Anne McLeod, Senior Vice Pres., Health Policy & Innovation, California Hospital Assoc.
 - *Farrah McDaid-Ting, CSAC staff*

10. Consideration of CSAC Strategic Plan Page 48
- *Matt Cate, CSAC Executive Director*
 - *Graham Knaus & DeAnn Baker, CSAC staff*

3:15pm INFORMATION ITEM

11. Institute for Local Government (ILG) Report Page 54
- *Martin Gonzalez, ILG Executive Director*

12. Other Items

3:30pm CLOSED SESSION

13. Conference with Legal Counsel Handout
Exposure to litigation pursuant to Government Code section 54956.9(e): 1 Case

4:00pm ADJOURN

CALIFORNIA STATE ASSOCIATION OF COUNTIES
Board of Directors
2016

<u>Section</u>	<u>County</u>	<u>Director</u>
U	Alameda County	Keith Carson
R	Alpine County	Terry Woodrow
R	Amador County	Louis Boitano
S	Butte County	Bill Connelly
R	Calaveras County	Michael Oliveira
R	Colusa County	Kim Dolbow Vann
U	Contra Costa County	John Gioia
R	Del Norte County	David Finigan
R	El Dorado County	Ron Mikulaco
U	Fresno County	Henry Perea
R	Glenn County	John Viegas
R	Humboldt County	Virginia Bass
S	Imperial County	Raymond Castillo
R	Inyo County	Jeff Griffiths
S	Kern County	Leticia Perez
R	Kings County	Doug Verboon
R	Lake County	Anthony Farrington
R	Lassen County	Jim Chapman
U	Los Angeles County	Don Knabe
R	Madera County	David Rogers
S	Marin County	Damon Connolly
R	Mariposa County	John Carrier
R	Mendocino County	Carre Brown
S	Merced County	Hubert "Hub" Walsh
R	Modoc County	Jim Wills
R	Mono County	Larry Johnston
S	Monterey County	Fernando Armenta
S	Napa County	Diane Dillon
R	Nevada County	Ed Scofield
U	Orange County	Lisa Bartlett
S	Placer County	Jim Holmes
R	Plumas County	Lori Simpson
U	Riverside County	John Benoit

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

President: Vito Chiesa, Stanislaus
 First Vice President: Richard Forster, Amador
 Second Vice President: Dave Roberts, San Diego
 Immed. Past President: John Gioia, Contra Costa

SECTION: U=Urban S=Suburban R=Rural

CALIFORNIA STATE ASSOCIATION OF COUNTIES
 BOARD OF DIRECTORS
 September 3, 2015
 Capitol Event Center, Sacramento

MINUTES

Presiding: Vito Chiesa, President

1. ROLL CALL

Alameda	Keith Carson	Placer	absent
Alpine	Terry Woodrow	Plumas	Terry Swofford
Amador	Forster/Boitano	Riverside	absent
Butte	absent	Sacramento	Susan Peters
Calaveras	absent	San Benito	Margie Barrios (audio)
Colusa	Kim Dolbow Vann	San Bernardino	James Ramos
Contra Costa	Gioia/Mitchoff	San Diego	Roberts (audio)/Cox
Del Norte	David Finigan	San Francisco	vacant
El Dorado	Ron Mikulaco (audio)	San Joaquin	Bob Elliott
Fresno	Henry Perea	San Luis Obispo	absent
Glenn	John Viegas (audio)	San Mateo	Carole Groom
Humboldt	Virginia Bass	Santa Barbara	Doreen Farr (audio)
Imperial	absent	Santa Clara	absent
Inyo	Jeff Griffiths (audio)	Santa Cruz	Bruce McPherson
Kern	Leticia Perez (audio)	Shasta	Leonard Moty
Kings	Doug Verboon (audio)	Sierra	Lee Adams
Lake	absent	Siskiyou	Ed Valenzuela
Lassen	Jim Chapman	Solano	Linda Seifert
Los Angeles	absent	Sonoma	Efren Carrillo
Madera	Tom Wheeler	Stanislaus	Vito Chiesa
Marin	absent	Sutter	Larry Munger
Mariposa	John Carrier	Tehama	Robert Williams
Mendocino	Carre Brown	Trinity	absent
Merced	Hubert "Hub" Walsh (audio)	Tulare	Steve Worthley
Modoc	Jim Wills (audio)	Tuolumne	Randy Harvelt
Mono	absent	Ventura	Kathy Long (audio)
Monterey	Fernando Armenta (audio)	Yolo	Jim Provenza
Napa	Diane Dillon	Yuba	Roger Abe
Nevada	absent	Advisors:	Charles McKee & Rick Haffey
Orange	Lisa Bartlett (audio)		

The presence of a quorum was noted.

2. APPROVAL OF MINUTES

The minutes of May 28, 2015 were approved as previously mailed.

3. CSAC CORPORATE PARTNERS REPORT

Virginia Williams of CGI addressed the Board of Directors regarding IT services they provide to local governments in California. They specialize in IT services related to financial management, tax, revenue and collections, health and human services, enterprise resource planning and transportation. CGI's IT solutions create operational efficiencies while reducing costs.

4. CALIFORNIA TRANSPORTATION COMMISSION'S ROAD CHARGE EFFORT

In 2014, SB 1077 was signed into law. The bill directed the California Transportation Commission (CTC) to establish a Technical Advisor Committee (TAC) to guide the development and evaluation of a pilot program to assess the potential for mileage-based revenue collection for California's roads and highways as an alternative to the gas tax system. The bill also requires the TAC to report recommendations to the California State Transportation Agency (CalSTA), which will implement the pilot program by January 2017.

Jim Madaffer, Commissioner of the CTC, presented a PowerPoint titled "Road Charge and the Future of Transportation." He indicated that gas tax revenues have been reduced due to fuel efficiency and improved technology. Work is currently underway to support a pilot project that would include individuals, households, businesses, and at least one government agency. A 15-member TAC is examining all dimensions of a road charge, such as privacy protection, technology alternatives, revenue sustainability, equity implications, environmental sustainability, out-of-state travelers, communications and public outreach, and organizational framework. No decision to move forward with a full-scale permanent road charge program will be made without public participation, input from stakeholders and approval from the Legislature. Meetings will be held throughout the state in the coming months to gather input.

5. CSAC STRATEGIC PLAN: VISION, MISSION & VALUES STATEMENTS

Under the direction and leadership of the Executive Committee and Board of Directors, CSAC is working through a strategic planning process. A critical component of the process is to ensure the association's Vision and Mission statements are updated to align to current priorities.

Staff presented draft Vision, Mission and Value statements for Board of Directors approval, and noted that the entire strategic plan will be brought to the Board for consideration in December. The statements were approved by affirmation.

6. FEE TO TRUST REFORM LEGISLATION

On July 28, the US Senate Committee on Indian Affairs (SCIA) Chairman John Barrasso introduced legislation that would overhaul the Department of the Interior's process for taking Indian fee land into trust. The bill includes a series of reforms spearheaded by CSAC, which has been at the forefront of fee-to-trust discussions on Capitol Hill and closely involved in the drafting of the Barrasso measure.

CSAC previously sent a letter in support of the *Interior Improvement Act* (S. 1879). Staff requested that the Board of Directors reaffirm support of the bill and direct staff to seek amendments to the bill as outlined in the briefing materials. Concern was expressed by some Board members about a number of provisions contained in the bill.

Motion (Dillon) and second (Williams) to take a 'Support if Amended' position on S. 1879. Motion carried – 22 in favor/18 opposed.

Staff was directed to convey CSAC's position to Senator Barrasso. President Chiesa referred the item to the CSAC Indian Gaming Working Group to provide staff with direction as they continue to seek amendments.

7. TRANSPORTATION AND INFRASTRUCTURE SPECIAL SESSION

Since the Governor called the transportation and infrastructure special session in June, both houses of the Legislature have formed special session committees and held informational hearings on transportation funding needs. Several transportation bills have been introduced and were listed in the briefing materials. Staff outlined CSAC's existing transportation policy principles which were also contained in the briefing materials. CSAC staff is working on grassroots activities and local media events. Supervisors were urged to continue to engage their delegation over the remaining weeks of the legislative session to impart the need for a comprehensive funding fix that includes county roads.

Staff announced that the Governor is expected to release his Transportation Funding proposal today, which includes spending an additional \$3.6b on fixing California's streets, roads, bridges and highways. The funds would be split between the state, local governments and transit agencies. The Governor's plan must still make its way through the legislative process, where new leadership has been elected in three of the four caucuses during the final weeks of the legislative session.

8. PROPOSITION 218: STORMWATER/WATER CONSERVATION INITIATIVE

Last year, a coalition of statewide organizations came together to develop a Constitutional Amendment and ballot measure to fund stormwater services. Currently, the California Constitution (Prop. 218)) requires stormwater agencies to receive voter approval to establish or increase rates to fund capital and operational needs.

The coalition has expanded its efforts to provide funding flexibility for stormwater services to include conservation rates and lifeline rates, which would require amending Proposition 218. This new legislative scope requires a different approach which is being led by a subset of the larger coalition which includes the executive directors and staff from CSAC, League of California Cities, Association of California Water Agencies (ACWA), and the California Water Foundation (CWF). This smaller coalition contracted with a marketing research firm to conduct a survey of California voters to assess voter receptivity to amending Proposition 218.

Brandon Castillo presented a PowerPoint regarding the results of a feasibility survey on the proposed "California Stormwater" ballot measure. The conclusions of the survey indicated that: voters are concerned about the problem of stormwater, and the potential for it contaminating critical water supplies; there is a strong desire to fund projects to treat and capture stormwater to protect water quality and increase water supplies; voters strongly favor allowing local governments to implement conservation pricing to promote conservation, and also favor subsidies for low-income consumers; and there is considerable opposition to eliminating Prop. 218's vote requirement to raise fees for stormwater capture and treatment.

Staff indicated that, given the results of the survey, the coalition is now considering an alternative method of funding water and sewer services, including stormwater and flood protection, that would not involve a direct challenge of Proposition 218. The proposal would involve amendments to Article X of the California Constitution (water), whereby a local agency would be able to assess a fee or charge to provide water or sewer services, with sewer service defined to include stormwater and flood protection. In addition, CSAC, the League of Cities, ACWA, and CWF have decided to move forward with submitting the proposed Article X amendment to the Attorney General for Title and Summary. If they are successful in obtaining a favorable Title and Summary, more polling will be done to determine public support. A decision to move forward with a ballot measure via the legislative process will likely not occur until early next year and will be highly dependent upon the results of the polling.

9. CSAC FINANCE CORPORATION UPDATE

The CSAC Finance Corporation will be holding its annual fall Board meeting in two weeks. Staff distributed a summary sheet of the programs offered through the Finance Corporation. The CSAC Executive Committee recently appointed James Erb, San Luis Obispo County Auditor-Controller, to serve on the Finance Corp. Board of Directors. Nominees to fill the CAO/CEO vacancy on the Board will be brought forward to the Executive Committee in the next few weeks.

10. HEALTH SPECIAL SESSION UPDATE

The Governor declared a special session on health care financing issues in June for the purpose of acting upon legislation necessary to enact permanent and sustainable funding from a new managed care organization tax and/or alternative fund sources. He is seeking at least \$1.1b in funding to stabilize the state's General Fund costs for Medi-Cal. The top priority for the Governor and Legislature is to authorize a new Managed Care Organization (MCO) tax to help fund Medi-Cal. Staff announced that 30 bills have been introduced, but little progress is being made.

11. MEDICAID WAIVER UPDATE

California is in the midst of negotiating a renewal to its existing "Bridge to Reform" Medicaid Section 1115 Waiver. The Department of Health Care Services (DHCS) submitted the waiver renewal to the Centers for Medicare and Medicaid Services (CMS) in March and negotiations between DHCS and CMS began earlier this summer. California's existing Medicaid Section 1115 Waiver will expire in October 2015 and California is seeking \$17b over the next five years, which is \$7b more than received under the existing waiver. DHCS indicates that CMS is committed to completing the waiver by November 2015. Once more is known about the CMS financing discussions with California, counties may need to engage on a federal and state communications and outreach strategy. The Legislature remains interested in working with the Brown Administration to enact statutory changes necessary to implement a new waiver. However, timing remains a challenge. If sufficient information is not available prior to the Legislature's departure on September 11, additional legislation could be contemplated in January 2016.

12. CSAC OPERATIONS AND MEMBER SERVICES UPDATE

Staff reported that CSAC had a strong fiscal year in 2014-15 and will close the year with a healthy fund balance. Planning is underway to the 2015 annual conference in Monterey, December 1-4. A panel of 15 judges met yesterday to select the 2015 CSAC Challenge and merit Awards. These awards are presented annually to spotlight the most innovative, cost-effective programs developed by California counties. There were 255 entries this year, and the following counties received awards: Amador, Los Angeles, Orange, Riverside, San Diego, San Mateo, Santa Cruz and Tuolumne. The CSAC Institute will be opening a satellite location in Merced County next week. Discussions are taking place with Contra Costa County to place a satellite location there.

13. INFORMATION ITEMS

CAOAC President Rick Haffey announced the creation of a CAO/CEO Distinguished Service Award, which is intended to be given to a CAO/CEO who has shown exemplary work and has set an example for cities, counties and the state. Board members were encouraged to nominate their CAO/CEOs. The award will be presented during the CSAC annual conference.

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

Meeting adjourned.



Fact Sheet



California Emergency Disaster Proclamation and CDAA Process

The following processes and factors are used to determine the magnitude and severity of an event based on a local government agency's capacity and capabilities to respond and recover.

Disaster Emergency Proclamation Process

Local Emergency Proclamation

If a local government determines effects of an emergency are beyond the capability of local resources to mitigate effectively, the local government must proclaim a local emergency.

Pursuant to *California Government Code Section 8680.9*, a local emergency is a condition of extreme peril to persons or property proclaimed as such by the governing body of the local agency affected by a natural or manmade disaster. The purpose of a local emergency proclamation is to provide extraordinary police powers; immunity for emergency actions; authorize issuance of orders and regulations; activate pre-established emergency provisions; and is a prerequisite for requesting state or federal assistance. A local emergency proclamation can only be issued by a governing body (city, county, or city and county) or an official designated by local ordinance. The proclamation should be issued within 10 days of the incident and ratified by the governing body within 7 days. Renewal of the resolution should occur every 30 days until terminated.

It should be noted a local emergency proclamation is not required for fire or law mutual aid; direct state assistance, Red Cross assistance; a Fire Management Assistance Grant (FMAG); or disaster loan programs from the U.S. Department of Agriculture (USDA) or the U.S. Small Business Administration (SBA).

State of Emergency Request

Pursuant to *California Government Code Section 8625*, the Governor may proclaim a State of Emergency in an area affected by a natural or manmade disaster, when he is requested to do so by the governing body of the local agency affected, or he finds the local authority is inadequate to cope with the emergency.

A local jurisdiction should request the Governor to proclaim a state of emergency when the governing body of a city, county, or city and county determine that:

- Emergency conditions are beyond the control of the services, personnel, equipment, and facilities of any single county, city, or city and county, and
- Emergency conditions require the combined forces of a mutual aid region or regions to combat.

California Disaster Assistance Act Funding Process

Request

As set forth in the *California Government Code, Title 2, Division 1, Chapter 7.5 - California Disaster Assistance Act (CDAA)*, only a governing body of a city (mayor or chief executive), county (chairman of a board of supervisors or county administrative officer), or city and county may seek financial assistance through CDAA, by order of a Director's Concurrence or Governor's Proclamation. The request for CDAA can be included in a local emergency proclamation; however, it is more appropriate to request CDAA on separate letterhead once the governing body has identified, and can certify, local resources are insufficient and the situation is beyond its capabilities.

Verification of Damages

When the governing body submits its local proclamation of emergency to the California Governor’s Office of Emergency Services (OES) Regional Operations, the package should include an Initial Damage Estimate (IDE). An IDE is the local governments’ identification of the impacts and local response and recovery activities. The IDE assists Cal OES to understand the jurisdictions damages and prioritize Preliminary Damage Assessment (PDA) efforts, which in turn can lead to a state or federal disaster declaration. An Operational Area must include all its affected governing bodies (cities, towns, etc.), special districts (school districts, water districts, community services districts, etc.), and private non-profit organizations within the IDE. Cal OES Regional Operations then forwards the IDE to Cal OES headquarters, which includes a Regional Event Summary (RES) delineating the impact of the event.

An IDE should include:

- Type and extent of public and private sector damage;
- Estimates of damages and emergency response costs; and
- Any acute public health and environmental issues

To assist the Governor in determining if funding under CDAA should be granted, the IDE and RES are reviewed, and if warranted, a State pre-assessment is conducted by Cal OES Recovery. Cal OES works with local jurisdictions’ emergency management and/or public safety agencies in the Operational Areas affected by the disaster event to accomplish these assessments. Once a determination is made, Cal OES will notify the requesting jurisdiction in a timely manner (verbally by Cal OES Region and in writing by Cal OES Recovery).

Factors Utilized in Consideration

In evaluating a local government’s request for financial assistance under CDAA, a number of factors, and relevant information, are considered in determining the severity, magnitude and impact of a disaster event and developing a recommendation to the Governor. The very nature of disasters, their unique circumstances, and varied impacts impedes a complete listing of factors considered when evaluating disaster declaration requests; however, primary considerations are as follows, in no particular rank:

Factors Considered

- √ Activation of Emergency Operations Plan and Emergency Operations Center
- √ Amount and type of damage (includes response costs, emergency protective measures, debris removal, public infrastructure damages, number of businesses affected, and number of homes destroyed/with major damage)
- √ Amount of available funding at the local level
- √ Available assistance or additional programs from other sources (Federal, State, local, voluntary/NGOs)
- √ Costs of event distributed per population (per capita)
- √ Dispersion or concentration of damages
- √ Existence of an approved Local Hazard Mitigation Plan
- √ History or frequency of disasters over a recent time period
- √ Imminent threats to public health and safety or the environment
- √ Impact on the infrastructure of affected area(s) or critical facilities
- √ Impacts to essential government services and functions
- √ Level of insurance coverage in place for public facilities and homeowners
- √ Per capita income and poverty level of the operational area
- √ Requirement or request for regulatory, statutory or permit extension waiver or relief
- √ Resource commitments (Local, Regional, State Mutual Aid Assets)
- √ Unique capability of State government

Events Outside the State's Capabilities

If an incident is of such severity and magnitude that effective response is beyond the capabilities of the affected local government and the State or Indian tribal government, and supplementary assistance is necessary, the Governor may request federal assistance, including a presidential emergency or disaster declaration.

Presidential Declarations Request

Pursuant to *Title 44 of the Code of Federal Regulations*, the Governor may request the President declare an emergency or major disaster exists in the State, in accordance with the authority outlined by the Stafford Act. A Presidential Declaration is determined through evaluation of several factors, including the cause of the disaster event, damages, needs, certification by state officials that state and local governments will comply with cost sharing and other requirements, and official requests for assistance.

In requesting supplemental federal assistance, the Governor must:

- Certify that the severity and magnitude of the disaster exceeds local capabilities;
- Certify federal assistance is necessary to supplement the efforts and available resources of the State and local governments, disaster relief organizations, and compensation by insurance for disaster related losses;
- Confirm execution of the state's emergency plan;
- Certify adherence to cost-sharing requirements; and
- Conduct a joint Federal-State preliminary damage assessment (PDA) to analyze
 - FEMA: Individual Assistance, Public Assistance, and Hazard Mitigation
 - SBA: Individuals and households

Aetna

Aetna is one of the nation's leading diversified health care benefits companies, serving an estimated 46 million people with information and resources to help them make better informed decisions about their health care. Aetna offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life and disability plans, and medical management capabilities, Medicaid health care management services, workers' compensation administrative services and health information technology products and services. Aetna's customers include employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers, governmental units, government-sponsored plans, labor groups and expatriates. For more information, see www.aetna.com and learn about how Aetna is helping to build a healthier world. @AetnaNews

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CSAC Board of Directors Report - 12.3.15

1. **Partnership Program Update:** 66 partners and looking to grow that number in 2016. We have added seven (7) total in 2015. Here is how we currently stand:
 - 26 Premier Partners (New 2015: Aetna, CA Clean Power, Election Systems & Software, Alliant, CGI, Anthem Blue Cross, and CSAC-EIA)
 - 7 Executive Partners (New 2015: California First, Molina Healthcare, and HdL Companies who moved up from the Associate level)
 - 32 Associate Partners (New 2015: AARP, ESRI, Dewberry Architects, inContact,, Northrop Grumman Aerospace Systems, Ramsell)
 - Total profit for 2014-2015 year: just over \$260,000

2. **Regional Meetings:** These one day regional events are designed to bring together our members and leaders from regional counties, our CSAC Executive and Advocacy Team members and our Premier and Executive level partners. Panels and round table discussions help foster the sharing of information and creative solutions critical to excellent county governance.
 - We just completed our last Regional Meeting in Santa Clara County, with over 35 in attendance from 9 counties.

3. **Looking Ahead:** Here are the things we are currently working on.
 - A new partner guide designed to help counties understand our partner's areas of expertise. Release date: January 2016
 - We've finished our county by county partner procurement guide and distributed to all in attendance at our Partnership breakfast this morning.
 - We are currently communicating with our partners regarding half year renewals for January-June of 2016, as we are moving our program back to a fiscal year calendar beginning July 2016.
 - CSAC Corporate Program twitter page, please follow us!
 - New partnerships and idea sharing with other association partner programs

Thank you again for your support of our Partnership Program.

Respectfully submitted,



Jim Manker
CSAC Director of Corporate Relations



CALIFORNIA STATE ASSOCIATION OF COUNTIES
FINANCE CORPORATION

November 17, 2015

To: CSAC Board of Directors
From: Linda Seifert, Board President
Alan Fernandes, Executive Vice President
RE: **CSAC Finance Corporation Update**

CSAC Finance Corporation Board & Operations

The CSAC Finance Corporation Board held its Fall Board meeting in September. Solano County Supervisor Linda Seifert was elected to the position of President of the CSAC Finance Corporation Board. Current members of the CSAC Finance Corporation Board include:

Linda Seifert (Solano County Supervisor/*President*),
Steve Juarez (Public Member/*Vice President*),
Les Brown (Public Member/*Secretary/Treasurer*),
Robert Bendorf (Yuba County CAO),
Matt Cate (CSAC Executive Director),
Greg Cox (San Diego County Supervisor),
Jim Erb (San Luis Obispo County Auditor-Controller/TTC),
David Finigan (Del Norte County Supervisor),
Mike Johnson (Solano County Retiree),
David Twa (Contra Costa County CAO),
Vacancy (Treasurer/Tax Collector/CFO).
Tom Ford and Steve Swendiman serve as Emeritus Board Members.

Emily Harrison (Santa Clara County Finance Director) resigned from the CSAC Finance Corporation Board in October. The CSAC Finance Corporation Board will begin recruitment for the Treasurer/Tax Collector/CFO seat and will then forward nominations to the CSAC Executive Committee.

Alan Fernandes joined the CSAC Finance Corporation on November 2nd as the Executive Vice President (formerly titled Executive Director).

For county specific information about your county's participation in CSAC Finance Corporation programs please contact:

Alan Fernandes, Executive Vice President: afernandes@csacfinancecorp.org
Laura Labanieh, Director of Operations: llabanieh@csacfinancecorp.org

CSAC Finance Corporation Program Summary

California Statewide Communities Development Authority (CSCDA)

James Hamill – (925) 476-5644 or jhamill@cscda.org

- The ONLY conduit issuer in California that benefits all cities and counties through relationship with CSAC/CSAC Finance Corporation and the League of California Cities.
- Leader in affordable housing and public benefit projects including health care facilities, educational facilities, and other 501(c)3 non-profit projects.
- CaliforniaFIRST and OpenPACE programs provide PACE financing options to county residents.
 - Encourage adoption of multiple PACE providers within each county so residents have choice.
 - CaliforniaFIRST resolutions need to be readopted as OpenPACE so counties can access additional providers offered through CSCDA.

U.S. Communities

Rob Fiorilli (Southern CA) – (925) 588-5054 or fiorilli@uscommunities.org

Jason Angel (Northern CA) – (415) 328-8109 or jangel@uscommunities.org

- Leverages purchasing power of over 90,000 public agencies.
- Easy and free to sign-up (www.uscommunities.org) and no obligations. All California counties are already registered and able to be utilizing contracts.
- Contracts are non-exclusive and discretionary, so an agency can choose to use any contract that, in its sole discretion, is in its best interest.
- Over 30 products, services, and solutions contracts available.
- Guaranteed best government pricing from U.S. Communities contracts.

Nationwide

Kent Morris - (626) 512-5441 or morrik4@nationwide.com

- NACo and CSAC/CSAC Finance Corporation partner since 1980.
- Provides county employees with 457 deferred compensation plans and retirement services.
- More than 360,000 county employees from more than 3,000 county agencies currently participate in the Program, with accumulated assets of more than \$15 billion.
 - California participation includes 28 counties, 127 total agencies, over 62,000 public employees, and close to \$3 billion in assets.
- Provide high touch participant services and many innovative retirement planning tools such as retiree medical cost calculators and social security scenario calculators.

CalTRUST

Lyle Defenbaugh – (916) 440-4890 or lyle.defenbaugh@wellsfargo.com

- Local government investment pool established as a joint powers authority by public agencies for public agencies. Open to all California cities, counties, special districts, other public agencies, and non-profits.
- Current participation includes over 120 individual public agencies and over \$2 billion in assets.
- Four fund options available including short-term, medium-term, money market, and government funds.

- No obligation to join the JPA in order to participate and invest in the funds.

Coast2Coast Rx

Marty Dettelbach – (919) 465-0097 or marty@coast2coastrx.com

- Prescription drug discount card available for county residents to use for discounted prescriptions.
- Simple sign-up process; county simply adopts a resolution. Coast2Coast works with local pharmacies and agencies to provide access to the cards for residents.
- Counties receive \$1.25 for each prescription filled utilizing the card.
- Currently used by 28 California counties.

Medcor

Cody Seeger – (815) 354-3445 or cody.seeger@medcor.com

- Onsite employee health clinics for county employees and their dependents.
- For self-insured counties costs can usually be fully recovered within two years due to savings on medical premiums.
- Provides a fixed-cost solution for employees and their dependents to seek primary and preventive care service – eliminating claims against insurance.
- Can provide occupational health services as well. Most analysis estimates that savings from these services alone can cover the entire cost of a clinic. Most recent data shows that 80-90% of workers compensation issues can be serviced within the clinic and therefore never evolve to a paid claim against the insurance.
- Fully customizable and tailored to offer services based on the needs of the county and their employees.
- Encourages employee health and productivity.

Towers Watson OneExchange

Jon Andrews - (214) 326-8017 or jon.andrews@towerswatson.com

- Healthcare exchange solution for both Medicare-eligible and pre-65 retirees.
- Takes retirees off of the county group plan, resulting in decreased rates for both the county and the retiree (or at least for the retiree if the county share is a defined contribution).
- Offers choice and a high-touch process to lead retirees through selection of new coverage.
- Manages employer subsidy through a health reimbursement account.

CSAC Finance Corporation Program Highlight

California Statewide Communities Development Authority (CSCDA) Property Assessed Clean Energy (PACE) Program

The CSCDA PACE program, CaliforniaFIRST, is expanding quickly in California as a result of the benefits it provides to municipalities and their communities. By passing one resolution, cities and counties provide property owners competitive funding options to increase energy efficiency. The program has been expanded to OpenPACE to include additional administrators, PACE Funding Group and Alliance NRG. Counties that have approved CaliforniaFIRST resolutions will need to adopt the new OpenPACE resolution. Following is a list of current participating counties:

CaliforniaFIRST Counties

Alameda
Butte
El Dorado
Fresno
Humboldt
Imperial
Kern
Los Angeles
Madera
Marin
Mendocino
Merced
Monterey
Napa
Sacramento
San Benito
San Diego

San Francisco
San Mateo
Santa Cruz
Shasta
Solano
Sonoma
Tulare
Ventura
Yolo

Open PACE Counties:

El Dorado
Imperial
Marin
Napa
San Bernardino



Administration of Justice Policy Committee
CSAC Annual Meeting
Thursday, December 3, 2015 — 9:00 a.m. – 11:00 a.m.
Monterey Marriott, San Carlos Room 3
Monterey County, California

Supervisor John Viegas, Glenn County, Chair
Supervisor Keith Carson, Alameda County, Vice Chair

- 9:00 a.m. I. **Welcome and Introductions**
Supervisor John Viegas, Glenn County, Chair
Supervisor Keith Carson, Alameda County, Vice Chair
- 9:05 a.m. II. **Proposition 47: Dispelling the Myths and Bringing Forth the Facts**
Linda Penner, Chair, Board of State and Community Corrections
Stephen Bernal, Sheriff/Coroner, Monterey County
Judge Jon B. Conklin, Fresno County
Mia Bird, Research Fellow, Public Policy Institute of California
Sonja Tafoya, Research Associate, Public Policy Institute of California
- 9:40 a.m. III. **The Pew-MacArthur Results First Initiative: County Expansion**
Ashleigh Holland, State Policy Manager, The Pew Charitable Trusts
Leticia Perez, Supervisor, Kern County
T R Merickel, Chief Probation Officer, Kern County
Amalia Mejia, Program Coordinator, Results First Initiative, CSAC
- 10:15 a.m. IV. **DMV Inmate Identification Implementation**
Marc Reiger, County Administrative Staff Officer, San Diego County
Christine Brown-Taylor, Reentry Services Manager, San Diego County
Michael Lee, Staff Services Manager, DMV (Invited)
- 10:40 a.m. V. **NACo Steering Committee Membership Recommendations**
Darby Kernan, Legislative Representative, CSAC
Stanicia Boatner, Legislative Analyst, CSAC
- 10:45 a.m. VI. **Administration of Justice Year in Review and 2016 Legislative Priorities**
Darby Kernan, Legislative Representative, CSAC
Stanicia Boatner, Legislative Analyst, CSAC
- 10:50 a.m. VII. **County Concerns and Closing Comments**
Supervisor John Viegas, Glenn County, Chair
Supervisor Keith Carson, Alameda County, Vice Chair
- 11:00 a.m. VIII. **Adjournment**



**Agriculture, Environment and Natural Resources
Policy Committee
CSAC Annual Meeting
Tuesday, December 1, 2015 — 9:00 a.m. – 11:00 a.m.
Monterey Marriott, San Carlos Rooms 1 & 2
Monterey County, California**

**Supervisor Diane Dillon, Napa County, Chair
Supervisor Pam Giacomini, Shasta County, Vice-Chair**

- 9:00 a.m. I. **Welcome and Introductions**
*Supervisor Diane Dillon, Napa County, Chair
Supervisor Pam Giacomini, Shasta County, Vice Chair*
- 9:05 a.m. II. **Water Rights 101**
Jack Rice, Associate Counsel, CA Farm Bureau Federation
- 9:25 a.m. III. **Wildfire Prevention and Recovery**
*Ken Pimlott, Director, Cal Fire
Scott DeLeon, Lake County Public Works Director*
- 9:45 a.m. IV. **The New Energy Landscape: Increasing California's
Renewable Portfolio Standard**
Julia Levin, Executive Director, Bioenergy Association of CA
- 10:05 a.m. V. **Counties Prescribe Pharmaceutical Ordinance for Drug
Take-Back Programs**
*Kathleen Pacheco, Senior Deputy County Counsel, Alameda
County
Ryan Alsop, Managing Director, Public Affairs Group
Los Angeles County, Department of Public Works*
- 10:35 a.m. VI. **CSAC 2016 AENR Priorities
Solid Waste Disposal Fee Policy**
*Karen Keene, CSAC Senior Legislative Representative
Cara Martinson, CSAC Legislative Representative*
- 10:55 a.m. VII. **NACo Policy Committee Process**
Karen Keene, CSAC Senior Legislative Representative
- 11:00 a.m. VIII. **Closing Comments and Adjournment**
*Supervisor Diane Dillon, Napa County, Chair
Supervisor Pam Giacomini, Shasta County, Vice Chair*



® November 18, 2015

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Facsimile
916.441.5507

To: CSAC Board of Directors

From: Matt Cate, Executive Director
DeAnn Baker, Director of Legislative Services
Karen Keene, CSAC Senior Legislative Representative

RE: **Stormwater/Water Conservation Initiative Update**

As we previously reported, a coalition of statewide organizations, including CSAC, came together last year to develop a Constitutional Amendment to fund stormwater services. Originally, the coalition was interested in pursuing changes to Proposition 218 that would eliminate the current vote requirement to implement local stormwater fee increases. Negative polling on this concept and recent court decisions resulted in a smaller subset of the larger coalition taking a different approach. This group which includes CSAC, the League of California Cities, the Association of California Water Agencies and the California Water Foundation are now considering a new alternative mechanism for funding stormwater and flood protection services that would amend Article X of the Constitution as opposed to Article XIII D (Proposition 218). Article X addresses the broad category of water.

The new approach addresses concepts that were viewed far more favorably by the voters that participated in the polling referenced above. Those results showed a strong desire to fund flood protection, treatment and capture of stormwater to protect water quality and increase water supplies. The survey also found voters support permitting local government to implement tiered water pricing to promote conservation and increase water rates for high-use customers, and allowing fee increases to fund “lifelines” pricing.

The proposed amendments to Article X would: 1) enhance the ability of local agencies to finance stormwater services/projects and flood control infrastructure; 2) provide more flexibility for the voluntary establishment of conservation-based water rates; and, 3) allow agencies, at their discretion, to implement lifelines rates for low-income households. At the time of this memo’s drafting, CSAC, the League and ACWA were working toward the goal of finalizing a proposal that could be filed with the Attorney General’s Office by the end of November as a potential ballot initiative. If we are successful in obtaining a positive Title and Summary, we will do more polling to determine public support. A decision to move forward with a ballot measure via the signature gathering or legislative process will likely not occur until early next year and will be highly dependent upon the results of the polling. Any consideration by CSAC to expend funds for a campaign would require a significant coalition of other financial partners and a two-thirds vote of the CSAC board of directors.

Lastly, the four organizations will continue their dialog with the Administration and other stakeholders.



Government Finance and Operations Policy Committee
CSAC Annual Meeting
Thursday, December 3, 2015 — 9:00 a.m. – 11:00 a.m.
Monterey Marriott, San Carlos Room 4
Monterey County, California

Supervisor Henry Perea, Fresno County, Chair
Supervisor Erin Hannigan, Solano County, Vice Chair

- 9:00 a.m. I. **Welcome and Introductions**
Supervisor Henry Perea, Fresno County, Chair
Supervisor Erin Hannigan, Solano County, Vice Chair
- 9:05 a.m. II. **State Budget Update**
Carolyn Chu, Senior Fiscal & Policy Analyst, Legislative Analyst's Office
- 9:25 a.m. III. **Bill Co-Sponsorship Proposals – ACTION ITEM**
Faith Conley, Legislative Representative, CSAC
- 9:45 a.m. IV. **CSAC Policy Platform Language: Broadband – ACTION ITEM**
Dorothy Holzem, Legislative Representative, CSAC
- 10:00 a.m. V. **Affordable Care Act Excise Tax Update**
Shardé C. Thomas, Associate, Liebert Cassidy Whitmore
- 10:25 a.m. VI. **2015 Legislative Session Key Outcomes**
Faith Conley, Legislative Representative, CSAC
Dorothy Holzem, Legislative Representative, CSAC
- 10:45 a.m. VII. **2016 GF&O Committee Policy Priorities**
Faith Conley, Legislative Representative, CSAC
Dorothy Holzem, Legislative Representative, CSAC
- 10:55 a.m. VIII. **NACo Committee Opportunities**
Betsy Hammer, Legislative Analyst, CSAC
- 10:55 a.m. IX. **GASB 68 and GASB 77 Update**
Betsy Hammer, Legislative Analyst, CSAC
- 11:00 a.m. X. **Closing Comments and Adjournment**
Supervisor Henry Perea, Fresno County, Chair
Supervisor Erin Hannigan, Solano County, Vice Chair



Health and Human Services Policy Committee
CSAC Annual Meeting
Tuesday, December 1, 2015 — 2:30 p.m. – 4:30 p.m.
Monterey Marriott, Ferrantes Bay View Room
Monterey County, California

Supervisor Ken Yeager, Santa Clara County, Chair
Supervisor Hub Walsh, Merced County, Vice Chair

- 2:30 p.m. I. **Welcome and Introductions**
Supervisor Ken Yeager, Santa Clara County, Chair
Supervisor Hub Walsh, Merced County, Vice Chair
- 2:35 p.m. II. **HHS: Year in Review and 2016 Legislative Priorities**
Farrah McDaid Ting, Legislative Representative, CSAC
Michelle Gibbons, Legislative Analyst, CSAC
- 2:55 p.m. III. **Medi-Cal 2020 Waiver Update**
Kelly Brooks-Lindsey, Partner, Hurst Brooks Espinosa
- 3:20 p.m. IV. **Behavioral Health Priorities in 2016**
Kirsten Barlow, Executive Director,
County Behavioral Health Directors Association of California
- 3:45 p.m. V. **Poverty Working Group Report**
Leticia Perez, Kern County, Poverty Working Group Co-Chair
Lee Adams, Sierra County, Poverty Working Group Co-Chair
- 4:05 p.m. VI. **Special Health Care Session Update**
Farrah McDaid Ting, Legislative Representative, CSAC
Michelle Gibbons, Legislative Analyst, CSAC
- 4:20 p.m. VII. **NACo Committee Opportunities**
Farrah McDaid Ting, Legislative Representative, CSAC
Michelle Gibbons, Legislative Analyst, CSAC
- 4:30 p.m. VIII. **Closing Comments and Adjournment**
Supervisor Ken Yeager, Santa Clara County, Chair
Supervisor Hub Walsh, Merced County, Vice Chair



**Housing, Land Use, and Transportation Policy
Committee**
CSAC Annual Meeting
Wednesday, December 2, 2015 — 8:30 a.m. – 10:00 a.m.
Monterey Marriott, San Carlos Room 4
Monterey County, California

Supervisor Phil Serna, Sacramento County, Chair
Supervisor David Rabbitt, Sonoma County, Vice Chair

- 8:30 a.m. I. **Welcome and Introductions**
Supervisor Phil Serna, Sacramento County, Chair
- 8:40 a.m. II. **State Transportation Funding and Federal Transportation Reauthorization Update**
Kiana Buss, Legislative Representative, CSAC
Chris Lee, Legislative Analyst, CSAC
- 9:00 a.m. III. **Indian Gaming Working Group Update: Fee-to-Trust Reform Legislation – ACTION ITEM**
Supervisor David Rabbitt, Sonoma County, Co-Chair
Supervisor Ryan Sundberg, Humboldt County, Co-Chair
- 9:30 a.m. IV. **2015 Year in Review and 2016 Legislative Priorities**
Kiana Buss, Legislative Representative, CSAC
Chris Lee, Legislative Analyst, CSAC
- 9:45 a.m. V. **Land Use Planning and Housing Policy Update**
 - Affordable Housing and Sustainable Communities Grant Program Guidelines Update
 - CEQA Guidelines and Traffic Impacts Analysis Update
 - California Department of Housing and Community Development Working Group Update*Kiana Buss, Legislative Representative, CSAC*
Chris Lee, Legislative Analyst, CSAC
- 9:55 a.m. VI. **NACo Committee Opportunities**
Kiana Buss, Legislative Representative, CSAC
Chris Lee, Legislative Analyst, CSAC
- 10:00 a.m. VII. **Adjournment**

RESOLUTION OF THE BOARD OF DIRECTORS

**County Supervisors Association of California
Doing business as the
California State Association of Counties**

WHEREAS, the Board of Directors of the California State Association of Counties (CSAC) employs an executive director and other staff to perform its day-to-day business; and

WHEREAS, the Board desires the business of the association to be transacted in an efficient and appropriate manner; and

WHEREAS, from time to time the Executive Director and Secretary of the Corporation must sign or approve documents on behalf of the Board;

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of CSAC hereby authorizes the Executive Director and Secretary of the Corporation, and his designees on staff, to execute and approve bank and other documents as authorized by the Board of Directors or the Executive Committee.

FURTHER BE IT RESOLVED, that this resolution shall remain in effect until the 2016 annual meeting of CSAC, when a similar resolution will be executed by the newly constituted Board of Directors.

Duly adopted this 3rd day of December, 2015.

Vito Chiesa, President



December 3, 2015

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

To: CSAC Board of Directors

From: Farrah McDaid Ting, Legislative Representative
Michelle Gibbons, Legislative Analyst

Re: **State Fees on Hospitals. Federal Medi-Cal Matching Funds. Initiative Statutory and Constitutional Amendment. - ACTION ITEM**

Staff Recommendation: CSAC staff recommends that the Board of Directors adopt a **SUPPORT** position on initiative number 13-0022 - ‘State Fees on Hospitals. Federal Medi-Cal Matching Funds. Initiative Statutory and Constitutional Amendment.’ - which has qualified for the November 2016 ballot.

Background: The Quality Assurance Fee, hereby referred to as ‘the fee,’ was first established in 2009 during the Great Recession, when California was seeking to maximize federal funding for health care services.

The fee is a payment made by private hospitals to the state. The state then uses those funds to leverage or “pull down” federal funding for health care services. The resulting federal funding is then directed to supplemental payments, grant payments, and enhanced capitation payments to hospitals for services to Medi-Cal patients, as is also used to offset some state General Fund obligations for low-income children’s health coverage.

Since it was first enacted, the fee has become a critical part of the state’s health care funding picture. It was first enacted on April 1, 2009 through December 31, 2010 by AB 1383 (Chapter 627, Statutes of 2009). Several successor bills were passed to allow the fee to continue:

- SB 90 (Chapter 19, Statutes of 2011) - January 1, 2011 through June 30, 2011
- SB 335 (Chapter 286, Statutes of 2011) - July 1, 2011 through December 31, 2013
- SB 239 (Chapter 657, Statutes of 2013) - January 1, 2014 - December 31, 2016

The fee allows the state to leverage critical federal funding and support children’s health care services. By all measures, the fee has worked well for hospitals and the state. However, each legislative vehicle has included a sunset provision for the fee. Furthermore, the state has intermittently proposed to divert some of the fee funding to other budget priorities outside of health care.

The California Hospital Association has moved forward with this statewide statutory and constitutional amendment to protect the fee funding and enact it in perpetuity. If passed, the initiative will require that fee-related funding will be spent on health care services and provide stability and a dependable funding stream for such service.

Summary: This initiative would repeal the sunset date for the hospital Quality Assurance Fee and would instead extend it indefinitely. Further, the initiative seeks to ensure that the State uses the funds for the intended purpose of supporting hospital care to Medi-Cal patients and to help pay for health care for low-income children.

Fiscal Impacts: The most recent analysis by the Legislative Analysts' Office (LAO) - which was provided in November 2013 - estimates the State could save roughly \$500 million in FY 2016-17 \$1 billion annually by 2019-20 and 5 to 10 percent annually for the following years. Additionally, the LAO estimates \$90 million for hospitals beginning in 2016-17 and up to \$250 by 2019-20, also possibly growing 5 to 10 percent each year after. See below for their projections from FY 13-14 through FY 16-17. Please note that the LAO will likely provide a more current analysis once the initiative is assigned a ballot proposition number.

Figure 2
Projected Fiscal Effects of Hospital Quality Assurance Fee Under the Act^a
(In Millions)

	2013-14 (Half-Year Impact)	2014-15	2015-16	2016-17 (Half-Year Impact)
Total fees collected	\$1,797	\$4,103	\$4,714	\$2,553
Uses of Fee Revenues				
Direct grants to public hospitals	27	56	67	38
General Fund offset for children's coverage	310	745	863	460
Fee revenues used to draw down FFP	1,460	3,302	3,784	2,054
Payment Increases and Federal Match				
Medi-Cal payment increases to hospitals ^b	3,144	7,149	8,245	4,433
FFP ^c	1,685	3,847	4,461	2,379
Net benefit to hospitals ^d	1,374	3,102	3,598	1,918

^a Medi-Cal Hospital Reimbursement Improvement Act of 2013.
^b Sum of fee-related supplemental payments and capitation payment increases.
^c Includes: (1) FFP leveraged by fee revenue, and (2) 100 percent federal funds for payment increases associated with the expansion population. During calendar years 2014, 2015, and 2016, the FMAP for the expansion population will be 100 percent.
^d Sum of Medi-Cal payment increases to hospitals and direct grants to public hospitals less total fees collected.
 FFP = federal financial participation; FMAP = federal medical assistance percentage.

Staff Comments: California's expenses for Medi-Cal services are rising and the state budget is facing significant pressure next year. In the health care area, there is the potential for a \$1.1 billion dollar deficit due to the inability to revise the Managed Care Organization (MCO) tax during the just-ended Legislative Session or in the ongoing Health Care Special Session. The fee is

another source of low-income health care services revenue for California, including some grants to county public hospitals.

The initiative will preserve and protect this funding for health care services, and ensure that it is an ongoing dependable revenue source. Further, while hospitals and public hospitals may benefit from the fee, the funding assistance it provides for health care services helps ease the state's overall budget picture.

Please note that CSAC did not take a position on the enacting legislation for the quality assurance fee mentioned above, but counties are supportive of identifying and maximizing ways to draw down federal matching funding for critical health care services.

Process. This initiative was first vetted through the CSAC 2015 Officers, who referred it to the Health and Human Services (HHS) Policy Committee. The HHS Policy Committee took action on the initiative during their November 4 policy committee meeting. The HHS Policy Committee voted to recommend a 'SUPPORT' position to the Board of Directors on this initiative.

Please note that initiative qualified for the November 2016 ballot in 2013, but has not yet been assigned a ballot number designation by the Secretary of State. The measure will appear on the Tuesday, November 8, 2016 General Election ballot.

Staff Contacts:

Farrah McDaid Ting can be reached at (916) 327-7500 Ext. 559 or fmcdaid@counties.org.

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

Invited Speaker:

Sponsor: Anne McLeod, Senior Vice President, Health Policy & Innovation, California Hospital Association

Attachments:

Initiative Text

Initiative Fact Sheet

Initiative Supporter Coalition List

Legislative Analyst's Office Fiscal Analysis (2013, expected to be updated in 2016)

BELL, McANDREWS & HILTACHK, LLP
ATTORNEYS AND COUNSELORS AT LAW
455 CAPITOL MALL, SUITE 600
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RECEIVED

OCT 09 2013

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

October 9, 2013

Initiative Coordinator
Office of the Attorney General
State of California
PO Box 994255
Sacramento, CA 94244-25550

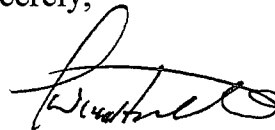
Re: Request for Title and Summary for Proposed Initiative

Dear Ms. McFarland:

Pursuant to Article II, Section 10(d) of the California Constitution, I am submitting the attached proposed statewide ballot measure to your office and request that you prepare a circulating title and summary of the measure as provided by law. I have also included with this letter the required signed statement pursuant to California Elections Code sections 9001 and 9608, and a check in the amount of \$200. My address as registered to vote is shown on Attachment 'A' to this letter.

Thank you for your time and attention to this important matter. Should you have any questions or require additional information, please contact me.

Sincerely,



Thomas W. Hiltachk

TWH/cfd
Enclosures as stated.

SECTION 1. STATEMENT OF FINDINGS

1 3 - 0 0 2 2

- A. The federal government established the Medicaid program to help pay for health care services provided to low-income patients, including the elderly, persons with disabilities, and children. In California this program is called Medi-Cal. In order for any state to receive federal Medicaid funds, the State has to contribute a matching amount of its own money.
- B. In 2009, a new program was created whereby California hospitals began paying a fee to help the State obtain available federal Medicaid funds, at no cost to California taxpayers. This program has helped pay for health care for low-income children and resulted in California hospitals receiving approximately \$2 billion per year in additional federal money to help hospitals to meet the needs of Medi-Cal patients.

SECTION 2. STATEMENT OF PURPOSE

To ensure that the fee paid by hospitals to the State for the purpose of maximizing the available federal matching funds is used for the intended purpose, the People hereby amend the Constitution to:

- A. Require voter approval of changes to the hospital fee program to ensure that the State uses these funds for the intended purpose of supporting hospital care to Medi-Cal patients and to help pay for health care for low-income children.

SECTION 3. AMENDMENT TO THE CONSTITUTION

Section 3.5 of Article XVI of the California Constitution is added to read:

Sec. 3.5(a) No statute amending or adding to the provisions of the Medi-Cal Hospital Reimbursement Improvement Act of 2013 shall become effective unless approved by the electors in the same manner as statutes amending initiative statutes pursuant to section 10(c) of Article II, except that the Legislature may, by statute passed in each house by roll call vote entered into the journal, two-thirds of the membership concurring, amend or add provisions that further the purposes of the Act.

(b) For purposes of this section:

(1) "Act" means the Medi-Cal Hospital Reimbursement Improvement Act of 2013 (enacted by Senate Bill 239 of the 2013-14 Regular Session of the Legislature, and any non-substantive amendments to the Act enacted by a later bill in the same Session of the Legislature).

(2) "Non-substantive amendments" shall only mean minor, technical, grammatical, or clarifying amendments.

(3) "Provisions that further the purposes of the Act" shall only mean:

(i) amendments or additions necessary to obtain or maintain federal approval of the implementation of the Act, including the fee imposed and related quality assurance payments to hospitals made pursuant to the Act;

(ii) amendments or additions to the methodology used for the development of the fee and quality assurance payments to hospitals made pursuant to the Act.

(c) Nothing in this section shall prohibit the Legislature from repealing the Act in its entirety by statute passed in each house by roll call vote entered into the journal, two-thirds of the membership concurring, except that the Legislature shall not be permitted to repeal the Act and replace it with a similar statute imposing a tax, fee, or assessment unless that similar statute is either: (i) a provision that furthers the purposes of the Act as defined herein; or (ii) is approved by the electors in the same manner as statutes amending initiative statutes pursuant to section 10(c) of Article II.

(d) The proceeds of the fee imposed by the Act and all interest earned on such proceeds shall not be considered revenues, General Fund revenues, General Fund proceeds of taxes, or allocated local proceeds of taxes, for purposes of Sections 8 and 8.5 of this Article or for the purposes of article XIII B. The appropriation of the proceeds in the Trust Fund referred to in the Act for hospital services to Medi-Cal beneficiaries or other beneficiaries in any other similar federal program shall not be subject to the prohibitions or restrictions in Sections 3 or 5 of this Article.

SECTION 4. Amendments to Medi-Cal Hospital Reimbursement Improvement Act of 2013

(language added is designated in underlined type and language deleted is designated in ~~strikeout~~ type)

Section 14169.72 of Article 5.230 of the Welfare and Institutions Code is amended to read:

§14169.72. This article shall become inoperative if any of the following occurs:

(a) The effective date of a final judicial determination made by any court of appellate jurisdiction or a final determination by the United States Department of Health and Human Services or the federal Centers for Medicare and Medicaid Services that the quality assurance fee established pursuant to this article, or Section 14169.54 or 14169.55, cannot be implemented. This subdivision shall not apply to any final judicial determination made by any court of appellate jurisdiction in a case brought by hospitals located outside the state.

(b) The federal Centers for Medicare and Medicaid Services denies approval for, or does not approve on or before the last day of a program period, the implementation of Section 14169.52, 14169.53, 14169.54, and 14169.55, and the department fails to modify Section 14169.52, 14169.53, 14169.54, and 14169.55 pursuant to subdivision (d) of Section 14169.53 in order to meet the requirements of federal law or to obtain federal approval.

(c) The Legislature fails to appropriate moneys in the Hospital Quality Assurance Revenue Fund in the annual Budget Act, or fails to appropriate such moneys in a separate bill enacted within thirty (30) days following enactment of the annual Budget Act. ~~A final judicial determination by the California Supreme Court or any California Court of Appeal that the revenues collected pursuant to this article that are deposited in the Hospital Quality Assurance Revenue Fund are either of the following:~~

(1) ~~“General Fund proceeds of taxes appropriated pursuant to Article XIII B of the California Constitution,” as used in subdivision (b) of Section 8 of Article XVI of the California Constitution.~~

(2) ~~“Allocated local proceeds of taxes,” as used in subdivision (b) of Section 8 of Article XVI of the California Constitution.~~

(d) The department has sought but has not received federal financial participation for the supplemental payments and other costs required by this article for which federal financial participation has been sought.

(e) A lawsuit related to this article is filed against the state and a preliminary injunction or other order has been issued that results in a financial disadvantage to the state. For purposes of this subdivision, "financial disadvantage to the state" means either of the following:

- (1) A loss of federal financial participation.
- (2) A ~~net cost to the General Fund~~ cost incurred due to the Act that is equal to or greater than one-quarter of 1 percent of the General Fund expenditures authorized in the most recent annual Budget Act.

(f) The proceeds of the fee and any interest and dividends earned on deposits are not deposited into the Hospital Quality Assurance Revenue Fund or are not used as provided in section 14169.53

(g) The proceeds of the fee, the matching amount provided by the federal government, and interest and dividends earned on deposits in the Hospital Quality Assurance Revenue Fund are not used as provided in section 14169.68.

Section 14169.75 of Article 5.230 of the Welfare and Institutions Code is amended to read:

§14169.75. Notwithstanding subdivision (k) of section 14167.35, subdivisions (a), (i), and (j) of section 14167.35, creating the Hospital Quality Assurance Revenue Fund, are not repealed and shall remain operative as long as this article remains operative. Notwithstanding Section 14169.72, this article shall become inoperative on January 1, 2018. No hospital shall be required to pay the fee after that date unless the fee was owed during the period in which the article was operative, and no payments authorized under Section 14169.53 shall be made unless the payments were owed during the period in which the article was operative.

SECTION 5. GENERAL PROVISIONS

(a) If any provision of this measure, or any part thereof, is for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of this measure are severable.

(b) This measure is intended to be comprehensive. It is the intent of the People that in the event this measure or measures relating to the same subject shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and all provisions of the other measure or measures shall be null and void.

Providing Care for 12 Million Children, Seniors and Working Families

Thanks to a historic bipartisan legislative agreement in 2013, without a single “No” vote and with the governor’s signature, California will receive billions a year in new federal funding for health care for children and seniors. However, this law expires in 2017.

The Medi-Cal Funding and Accountability Act (Act) is a simple, common sense solution that makes the reforms permanent and guarantees ongoing federal health care funding. This change is needed now to ensure that California receives its fair share from Washington DC and to ensure the money is spent as intended.

Government Accountability

At a time of great uncertainty about health care, the Act ensures new federal matching funds are used for those who truly need it. The Act holds the Legislature accountable and prohibits government, bureaucrats or other special interests from diverting funds away from health care for unrelated purposes. Any changes to the use of the funds would have to be approved by voters first.

\$3 Billion Annually in New Federal Matching Funds

Hospitals have agreed to participate in a program that unlocks approximately \$3 billion a year in new federal matching funds, maximizing California’s share. The money must be spent to provide health care services to children and resources for Medi-Cal to serve elderly and low-income Californians. Without these resources, the money would have to come from privately insured patients.

Protect Taxpayers and Access to Hospital Care

People with private insurance shouldn’t have their premiums increased to subsidize Medi-Cal when federal money is available to help cover the cost. Funding guaranteed by the Act will also help prevent closures or cutbacks in local hospitals and emergency rooms.

Statewide Support

Hospitals and health care providers across California have joined together to sponsor this common sense solution, which protects services for children and seniors. There is no organized opposition to the measure.

KEEP A GOOD IDEA WORKING

Coalition List

Health Care Associations

- California Hospital Association
- California Children’s Hospital Association
- Hospital Association of San Diego & Imperial Counties
- Hospital Association of Southern California
- Hospital Council of Northern & Central California
- Alliance of Catholic Health Care
- American Academy of Pediatrics - California
- Association of California Healthcare Districts
- Association of California Nurse Leaders
- California Academy of Physician Assistants*
- California Ambulance Association*
- California Ambulatory Surgery Association*
- California Association of Alcohol and Drug Program Executives, Inc. (CAADPE) *
- California Association of Health Facilities
- California Association of Health Plans
- California Association of Health Underwriters*
- California Association of Medical Product Suppliers*
- California Association of Neurological Surgeons*
- California Association for Nurse Practitioners**
- California Association of Nurse Anesthetists
- California Association of Physician Groups
- California Black Health Network*
- California Chapter of the American College of Cardiology*
- California Council of Community Mental Health Agencies (CCCMHA)*
- California Dental Association
- California Medical Association*
- California Orthopaedic Association*
- California Pharmacists Association
- California Primary Care Association*
- California Psychological Association*
- California Radiological Society*
- California Society of Addiction Medicine (CSAM)*
- California Society of Health-System Pharmacists
- California Society of Industrial Medicine and Surgery*
- California Society of Pathologists
- Children’s Specialty Care Coalition
- Infectious Disease Association of California*
- Medical Oncology Association of Southern California, Inc. (MOASC)*
- Mental Health America in California*
- Network of Ethnic Physician Organizations*
- Osteopathic Physicians & Surgeons of California
- PEACH, Inc. (Private Essential Access Community Hospitals)
- Southern California Public Health Association*

Children’s Hospitals

- Children’s Hospital Los Angeles
- Children’s Hospital Orange County
- CHOC Children’s at Mission Hospital
- Miller Children’s Hospital Long Beach
- Rady Children’s Hospital – San Diego
- Valley Children’s Healthcare

Hospitals + Healthcare Districts

- Alta Bates Summit Medical Center
- Arroyo Grande Community Hospital
- Bakersfield Memorial Hospital
- Barton Health
- Beverly Hospital*
- California Hospital Medical Center

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- California Pacific Medical Center
- Catalina Island Medical Center
- Cedars-Sinai Medical Center
- Coalinga Regional Medical Center
- Community Hospital Long Beach
- Community Hospital of San Bernardino
- Desert Regional Medical Center*
- Doctors Hospital of Manteca*
- Doctors Medical Center of Modesto*
- Dominican Hospital
- Eastern Plumas Health Care
- Eden Medical Center
- El Camino Hospital
- Emanuel Medical Center
- Fairchild Medical Center
- Fountain Valley Regional Hospital*
- French Hospital Medical Center
- Gardens Regional Hospital and Medical Center*
- Glendale Memorial Hospital and Health Center
- Grossmont Healthcare District*
- Henry Mayo Newhall Hospital*
- Hi-Desert Medical Center*
- Hollywood Presbyterian Medical Center
- John F. Kennedy Memorial Hospital*
- John Muir Behavioral Health
- John Muir Medical Center – Concord Campus
- John Muir Medical Center – Walnut Creek Campus
- Lakewood Regional Medical Center*
- Lodi Health
- Long Beach Memorial Medical Center
- Los Alamitos Medical Center*
- Los Robles Hospital and Medical Center*
- Madera Community Hospital
- Mammoth Hospital
- Marian Regional Medical Center
- Marian Regional Medical Center - West
- Marina Del Rey Hospital*
- Mark Twain St. Joseph's Hospital
- Marshall Medical Center
- Memorial Hospital, Los Banos
- Memorial Medical Center
- Menlo Park Surgical Hospital
- Mercy General Hospital
- Mercy Hospital
- Mercy Hospital of Folsom
- Mercy Medical Center Merced
- Mercy Medical Center Mt. Shasta
- Mercy Medical Center Redding
- Mercy San Juan Medical Center
- Mercy Southwest Hospital
- Methodist Hospital of Sacramento
- Mills-Peninsula Health Services
- Mission Community Hospital
- Northridge Hospital Medical Center
- Novato Community Hospital
- Orchard Hospital
- PIH Health – Downey
- PIH Health – Whittier
- Pacific Alliance Medical Center
- Palmdale Regional Medical Center*
- Palo Verde Hospital*
- Parkview Community Hospital Medical Center
- Placentia-Linda Hospital*
- Pomona Valley Hospital Medical Center
- Providence Holy Cross Medical Center
- Providence Little Company of Mary Medical Center San Pedro
- Providence Little Company of Mary Medical Center Torrance
- Providence Saint Joseph Medical Center
- Providence Tarzana Medical Center
- Redlands Community Hospital
- Ridgecrest Regional Hospital
- Saint Agnes Medical Center*
- Saint Francis Memorial Hospital
- Saint John's Health Center
- San Bernardino Mountains Community Hospital District
- San Gabriel Valley Medical Center
- San Ramon Regional Medical Center*
- Sequoia Hospital
- Sharp Chula Vista Medical Center
- Sharp Coronado Hospital and Healthcare Center
- Sharp Grossmont Hospital

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- Sharp Mary Birch Hospital for Women and Newborns
- Sharp Mesa Vista
- Sharp Memorial Hospital
- Sierra Nevada Memorial Hospital
- Sierra View Medical Center*
- Sierra Vista Hospital
- Sierra Vista Regional Medical Center*
- St. Bernadine Medical Center
- St. Elizabeth Community Hospital
- St. John's Pleasant Valley Hospital
- St. John's Regional Medical Center
- St. Joseph's Behavioral Health Center
- St. Joseph's Medical Center
- St. Mary Medical Center
- St. Mary's Medical Center
- St. Rose Hospital
- Stanford Health Care
- Stanford Health Care – ValleyCare
- Sutter Amador Hospital
- Sutter Auburn Faith Hospital
- Sutter Coast Hospital
- Sutter Davis Hospital
- Sutter Delta Medical Center
- Sutter Lakeside Hospital and Center for Health
- Sutter Maternity & Surgery Center of Santa Cruz
- Sutter Medical Center, Sacramento
- Sutter Roseville Medical Center
- Sutter Santa Rosa Regional Hospital
- Sutter Solano Medical Center
- Sutter Tracy Community Hospital
- Temecula Valley Hospital
- Totally Kids Rehabilitation Hospital
- Twin Cities Community Hospital*
- Valley Presbyterian Hospital
- West Anaheim Medical Center*
- White Memorial Medical Center
- Woodland Healthcare

Clinics

- Anderson Family Health & Dental Center*
- Antelope Valley Community Clinic*
- Burre Dental Center*
- Community Clinic Association of Los Angeles County (CCALAC)*
- Community Health Partnership (10 Clinics)*
- Del Norte Community Health Center*
- Eureka Community Health Center*
- Ferndale Community Health Center*
- Forestville Teen Clinic*
- Forestville Wellness Center*
- Fortuna Community Health Center*
- Gravenstein Community Health Center*
- Happy Valley Family Health Center*
- Harbor Community Clinic*
- Humboldt Open Door Clinic*
- Kids Come First Health Center*
- L.A. Mission College Student Health Center*
- Maclay Health Center for Children*
- McKinley Community Health*
- Mendocino Coast Clinics*
- Mission Neighborhood Health Center*
- Mobile Health Services*
- Neighborhood Healthcare (10 Clinics)*
- NEVHC Canoga Park Health Center*
- NEVHC Health Center for the Homeless, North Hollywood*
- NEVHC Mobile Medical Unit*
- NEVHC Pacoima Health Center*
- NEVHC Pediatric Health & WIC Center*
- NEVHC Rainbow Dental Center*
- NEVHC San Fernando Health Center*
- NEVHC Santa Clarita Health Center*
- NEVHC Sun Valley Health Center*
- NEVHC Valencia Health Center*
- North East Medical Services (10 Clinics)*
- Northcountry Clinic*
- Northcountry Prenatal Services*
- Northeast Valley Health Corporation*
- Occidental Area Health Center*
- Open Door Community Health Centers (8 Clinics)*
- Peach Tree Health*
- Primary Care Neuropsychiatry (PCN)*

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- QueensCare Health Centers (5 Clinics)*
- Redwood Community Health Coalition (18 Clinics)*
- Russian River Health Center*
- Russian River Dental Clinic*
- Saban Community Clinic*
- San Fernando Teen Health Center*
- San Ysidro Health Center*
- Santa Rosa Community Health Centers (8 Clinics)*
- Sebastopol Community Health Center*
- Shasta Community Health Center*
- Shasta Community Health Dental Center*
- Shasta Lake Family Health and Dental Center*
- Sierra Family Medical Clinic*
- South Bay Family Health Care*
- South Central Family Health Center (4 Clinics)*
- Southside Coalition of Community Health Care Centers*
- St. John's Well Child & Family Center (10 Clinics)*
- Tarzana Treatment Centers, Inc.*
- Van Nuys Adult Health Center*
- WCHC Mental Health Services*
- West County Health Centers*
- Westside Family Health Center*
- Willow Creek Community Health Center*

Health Systems

- Citrus Valley Health Partners
- Community Medical Centers
- Community Memorial Health System
- Cottage Health System
- PIH Health
- Palomar Health
- Providence Health & Systems, Southern California
- Sharp HealthCare
- Dignity Health
- Kaiser Permanente
- John Muir Health
- NorthBay Healthcare
- Southwest Healthcare System*
- Sutter Health
- Tenet Healthcare*

Community Based Organizations

- A New PATH (Parents for Addiction Treatment & Healing)*
- Age Well Senior Services*
- Asian Pacific Islander American Public Affairs Association (APAPA)
- CORA – Community Overcoming Relationship Abuse*
- California Senior Action League*
- California Youth Connection*
- Community Health Improvement Partners*
- Congress of California Seniors**
- Curry Senior Center*
- Family Voices of California
- Helping Others Pursue Excellence (HOPE)*
- National Association of Hispanic Elderly*
- Orange County LULAC Foundation*
- Sacramento Steps Forward*
- San Clemente Collaborative
- Solano Coalition for Better Health*
- The Children's Initiative
- The Wall-Las Memorias Project*
- United Advocates for Children and Families*
- Women's Empowerment*

Dental Societies

- Berkeley Dental Society*
- Central Coast Dental Society*
- Los Angeles Dental Society*
- Mid-Peninsula Dental Society*
- San Francisco Dental Society*

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Elected Officials

- California Latino Elected Officials Coalition
- Mayor Kevin L. Faulconer, City of San Diego
- Mayor Kevin Johnson, City of Sacramento*
- Walter Allen III, Council Member, City of Covina*
- Jim B. Clarke, Council Member, Culver City*
- Fiona Ma, Member, California State Board of Equalization*

Business Organizations

- California Business Roundtable
- California Chamber of Commerce
- California Asian Pacific Chamber of Commerce
- Alhambra Chamber of Commerce*
- Arcadia Chamber of Commerce*
- Azusa Chamber of Commerce*
- Beaumont Chamber of Commerce*
- Beverly Hills Chamber of Commerce*
- BizFed – The Los Angeles County Business Federation*
- Brea Chamber of Commerce
- Burbank Chamber of Commerce*
- Cerritos Regional Chamber of Commerce*
- Chamber of Commerce Mountain View*
- The Chamber of the Santa Barbara Region*
- Duarte Chamber of Commerce*
- East Bay Leadership Council*
- El Dorado County Joint Chambers of Commerce*
- El Dorado County Chamber of Commerce*
- El Dorado Hills Chamber of Commerce*
- Elk Grove Chamber of Commerce*
- Folsom Chamber of Commerce*
- Fountain Valley Chamber of Commerce*
- Fremont Chamber of Commerce*
- Fresno Chamber of Commerce
- Fullerton Chamber of Commerce
- Gateway Chambers Alliance*
- Greater Grass Valley Chamber of Commerce*
- Greater Los Angeles African American Chamber of Commerce*
- Greater Riverside Chamber of Commerce*
- Greater San Fernando Valley Chamber of Commerce*
- Greater Stockton Chamber of Commerce*
- Hayward Chamber of Commerce*
- Hollywood Chamber of Commerce*
- Huntington Beach Chamber of Commerce*
- Industry Manufacturers Council*
- Inland Empire Economic Partnership
- La Canada Flintridge Chamber of Commerce*
- Lake Elsinore Chamber of Commerce*
- Lake Tahoe South Shore Chamber of Commerce*
- Los Angeles Area Chamber of Commerce*
- Menifee Valley Chamber of Commerce*
- Montebello Chamber of Commerce*
- Monterey Peninsula Chamber of Commerce*
- Mount Shasta Chamber of Commerce*
- Murrieta Chamber of Commerce*
- North Orange County Legislative Alliance
- North San Diego Business Chamber*
- Northridge Chamber of Commerce*
- Norwalk Chamber of Commerce*
- Perris Valley Chamber of Commerce*
- Rancho Cordova Chamber of Commerce*
- Regional Chamber Alliance*
- Rocklin Area Chamber of Commerce*
- Roseville Chamber of Commerce*
- Sacramento Metropolitan Chamber of Commerce*
- San Diego East County Chamber of Commerce*
- San Diego Regional Chamber of Commerce
- San Francisco Chamber of Commerce*
- San Gabriel Valley Economic Partnership*
- San Jose Silicon Valley Chamber of Commerce

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- Santa Clara Chamber of Commerce and Convention-Visitor's Bureau*
- Santa Clarita Valley Chamber of Commerce*
- Santa Monica Chamber of Commerce*
- Santa Paula Chamber of Commerce*
- Shingle Springs Cameron Park Chamber of Commerce*
- Silicon Valley Chamber Coalition*
- Temecula Valley Chamber of Commerce*
- Torrance Area Chamber of Commerce
- Tuolumne County Chamber of Commerce*
- Valley Industry and Commerce Association*
- Victor Valley Chamber of Commerce*
- Walnut Creek Chamber of Commerce & Visitors Bureau*
- West Hollywood Chamber of Commerce*
- Westside Council of Chambers of Commerce*
- Whittier Area Chamber of Commerce*
- Wildomar Chamber of Commerce*
- Yorba Linda Chamber of Commerce*

Personal Endorsements - Title and/or organization name used for identification purposes only

- Mike Genest, Former Director, California Department of Finance*
- Tom Scott, State Executive Director, National Federation of Independent Business (NFIB)*
- Whitney Ayers, Regional Vice President, Hospital Association of Southern California*
- Judy Baker, Board Member, Fairchild Medical Center*
- Meyer Bendavid (Woodland Hills)*
- John Comiskey (San Jose)*
- Donna Cozzalio, Board Member, Fairchild Medical Center*
- Arnold Daitch (Northridge)*
- Louis De Rouchey, MD, Board Member, Fairchild Medical Center*
- Josan Feathers, Retired Civil Engineer (La Mesa)*
- Sheryl A. Garvey (Santee)*
- Charles H. Harrison, Chief Executive Officer, San Bernardino Mountains Community Hospital District*
- Carol Hayden, Board Member, Fairchild Medical Center*
- Erin Jacobs, Ph.D., Assistant Professor, Mount Saint Mary's University*
- Dwayne Jones, Secretary/Treasurer Board Vice-Chairman, Fairchild Medical Center*
- Vicki Kirschenbaum (Burbank)*
- Douglas Langford, DDS, Board Member, Fairchild Medical Center*
- Carole Lutness (Valencia)*
- Judy McEntire (Santee)*
- Constance Menzies (Los Angeles)*
- Darrin Mercier, Board Vice-Chairman, Fairfield Medical Center*
- Lawrence Mulloy, Chairman of the Board, Fairchild Medical Center*
- Steven Neal, Civic Engagement Advocate, Molina Healthcare*
- John P. Perez (Montebello)*
- James Quisenberry, Board Member, Fairchild Medical Center*
- Charlotte P. Reed (Lakeside)*
- Sharon Rogers (Los Angeles)*
- Diana Shaw (Santa Clarita)*
- Nick Shestople, Retired Engineer (Temecula)*
- Stephen David Simon, Director, Los Angeles City Department on Disability*
- Vina Swenson, MD, Pediatrician, Fairchild Medical Center*
- Shawn Terris, Financial Director, Palmer Drug and Alcohol Program*
- Igor Tregub (Berkeley)*
- Rebecca Unger (Joshua tree)*
- Vivian Yoshioka (Pomona)*

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November 14, 2013

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional and statutory initiative (A.G. File No. 13-0022) relating to conditions for amending, repealing, replacing, or rendering inoperative the Medi-Cal Hospital Reimbursement Improvement Act of 2013—current law that concerns the imposition of fees on certain private hospitals.

BACKGROUND

Overview of Medi-Cal

Medi-Cal Administration and Coverage. The federal Centers for Medicare and Medicaid Services (CMS) administers the federal Medicaid Program. In California, this federal program is administered by the state Department of Health Care Services (DHCS) as the California Medical Assistance Program, and is known more commonly as Medi-Cal. This program currently provides health care benefits to about 7.9 million low-income persons who meet certain eligibility requirements for enrollment in the program (hereafter referred to as the currently eligible population). Under the Patient Protection and Affordable Care Act (ACA), also known as federal health care reform, the state will expand Medi-Cal to cover over one million low-income adults who are currently ineligible (hereafter referred to as the expansion population), beginning January 1, 2014.

Medi-Cal Financing. The costs of the Medicaid Program are generally shared between states and the federal government based on a set formula. The federal government's contribution toward reimbursement for Medicaid expenditures is known as federal financial participation (FFP). The percentage of Medicaid costs paid by the federal government is known as the federal medical assistance percentage (FMAP).

In general, the FMAP for Medi-Cal costs associated with the currently eligible population has been set at 50 percent. (However, for certain currently eligible subpopulations and certain administrative activities, the state receives a higher FMAP percent.) As Figure 1 shows (see next page), for three years beginning January 1, 2014, the FMAP for nearly all Medi-Cal costs

associated with the expansion population will be 100 percent. Beginning January 1, 2017, the FMAP associated with the expansion population will decrease over a three-year period until reaching 90 percent on January 1, 2020, where it will remain thereafter under current federal law.

Figure 1	
FMAP for Expansion Population	
Calendar Year	FMAP
2014	100%
2015	100
2016	100
2017	95
2018	94
2019	93
2020 and thereafter	90

FMAP = federal medical assistance percentage.

Federal Medicaid law permits states to finance the nonfederal share of Medicaid costs through several sources, including (but not limited to):

- **State General Funds.** State general funds are revenues collected primarily through personal income, sales, and corporate income taxes.
- **Charges on Health Care Providers.** Federal Medicaid law permits states to (1) levy various types of charges—including taxes, fees, or assessments—on health care providers and (2) use the proceeds to draw down FFP to support their Medicaid programs and/or offset some state costs. These charges must meet certain requirements and be approved by CMS for revenues from these charges to be eligible to draw down FFP. A number of different types of providers can be subject to these charges, including hospitals.

Medi-Cal Delivery Systems. Medi-Cal provides health care through two main systems: fee-for-service (FFS) and managed care. In the FFS system, a health care provider receives an individual payment directly from DHCS for each medical service delivered to a beneficiary. In the managed care system, DHCS contracts with managed care plans to provide health care for Medi-Cal beneficiaries enrolled in these plans. Managed care enrollees may obtain services from providers—including hospitals—that accept payments from the plans. The DHCS reimburses plans with a predetermined amount per enrollee, per month (known as a capitation payment) regardless of the number of services each enrollee actually receives.

Medi-Cal Hospital Financing

About 400 general acute care hospitals licensed by the state currently receive at least one of three types of payments Medi-Cal makes to pay for services for patients. As follows, these hospitals are divided into three categories based on whether the hospital is privately owned or publicly owned, and who operates the hospital.

- ***Private Hospitals.*** These are hospitals owned and operated by private corporations.
- ***District Hospitals.*** These are public hospitals owned and operated by municipalities and health care districts.
- ***County Hospitals and University of California (UC) Hospitals.*** These are public hospitals owned and operated by counties or the UC system.

Below we describe the three types of payments—direct payments, supplemental payments, and managed care payments—that Medi-Cal makes for hospital services.

Direct Payments. Direct payments are payments for services provided to Medi-Cal patients through FFS. The nonfederal share of Medi-Cal direct payments to private and district hospitals is funded from the state General Fund, while the nonfederal share of direct payments to county and UC hospitals is self-funded.

Supplemental Payments. Supplemental payments (considered a type of FFS payment) are made in addition to direct payments. Medi-Cal generally makes supplemental payments to hospitals periodically on a lump-sum basis, rather than individual increases to reimbursement rates for specific services. There are various types of supplemental payments related to hospital services provided to Medi-Cal patients, including a category of payments to private hospitals known as Disproportionate Share Hospital (DSH) replacement payments that we discuss further later in this analysis. Depending on the type of supplemental payment, the nonfederal share may be comprised of General Fund support, revenues from charges levied on hospitals, or other state and local funding sources.

Managed Care Payments. Managed care payments are payments from managed care plans to providers for services delivered to Medi-Cal patients enrolled in these plans. The capitation payments that plans receive from DHCS are meant to cover the expected costs to plans from making payments to providers, including hospitals. The nonfederal share of capitation payments to managed care plans is comprised of General Fund support, charges levied on hospitals, and other state and local funding sources.

Federal Limits on FFS Hospital Payments. Federal regulations specify that to be eligible for FFP, the total amount of Medi-Cal FFS payments to private hospitals—that is, the sum of all direct and supplemental payments for private hospital services—may not exceed a maximum amount known as the upper payment limit (UPL). (There are separate UPLs that apply to payments to hospitals owned and operated by local governments such as counties, and hospitals owned and operated by the state such as UC hospitals.) The UPL is a statewide aggregate ceiling on FFS payments to all private hospitals. This means there are no limits on FFS payments to individual private hospitals, as long as total FFS payments to all private hospitals do not exceed the UPL. In California, the UPL for hospital services has historically been between 5 percent to 10 percent above the total costs incurred by hospitals from providing these services, as defined under cost-reporting procedures approved by CMS.

Federal Limits on Managed Care Hospital Payments. The UPL does not apply to managed care payments for hospital services. However, federal Medicaid law requires qualified actuaries to certify capitation payments to managed care plans as being “actuarially sound” before these

payments may receive FFP. This certification involves the actuaries' assessment that capitation payments reflect "reasonable, appropriate, and attainable" costs to plans from making payments to providers, including hospitals. In practice, actuarial soundness requirements directly limit the total amount of capitation payments that DHCS may make to plans, and thus indirectly limit the total amount of payments that plans may make to hospitals.

Hospital Quality Assurance Fee

Chapter 657, Statutes of 2013 (SB 239, Hernandez), enacts the Medi-Cal Hospital Reimbursement Improvement Act of 2013 (hereafter referred to as the Act). The Act imposes a charge known as a quality assurance fee (hereafter referred to as the fee) on certain private hospitals beginning January 1, 2014.

If approved by CMS and implemented, the fee imposed by the Act will constitute the fourth consecutive hospital quality assurance fee program implemented in California since 2009 (each of the prior three programs had a statutory sunset date). The fee program authorized under the Act is broadly similar in structure to the prior three fee programs. The Act establishes a general structure for (1) how the fee is to be assessed and (2) how the proceeds from the fee are to be spent. We describe both components of this structure below.

Fee Assessment. Under the Act, the state will assess the fee for each inpatient day at each private hospital. The fee rate per inpatient day will vary depending on payer type, with the highest rates assessed on Medi-Cal inpatient days and lower rates assessed on days paid for by other payers, such as private insurance. The fee rate ranges from \$145 for each inpatient day covered by a non-Medi-Cal payer to \$618 per inpatient day covered by Medi-Cal. Private hospitals will pay the fee in quarterly installments.

Use of Fee Moneys to Offset State Costs. Under the Act, DHCS will administer and collect the fee from hospitals and deposit the proceeds into the Hospital Quality Assurance Revenue Fund. Moneys in this fund—the proceeds of the fee and any interest earned on the proceeds—are available only for certain purposes. These purposes include the following that serve to offset state costs (in order of descending priority):

- Up to \$1 million of the moneys annually will be allocated to reimburse DHCS for the staffing and administrative costs related to implementing the fee.
- A certain portion of the moneys (determined by a formula) will offset General Fund costs for providing children's health care coverage, thereby achieving General Fund savings. Later we describe how the allocation for this General Fund offset is to be determined under the Act.

Use of Fee Moneys for Quality Assurance Payments. After moneys in the fund are allocated to offset state costs, the remaining moneys are available to support payment increases to hospitals, collectively known as quality assurance payments (in order of descending priority).

- A large portion of the moneys will provide the nonfederal share of certain increases to capitation payments to managed care plans, up to the maximum actuarially sound amount permitted by federal law. The plans are required to pass along these capitation increases entirely to private hospitals, county hospitals, and UC hospitals.

- A large portion of the moneys will provide the nonfederal share of certain supplemental payments to private hospitals, bringing total FFS payments to private hospitals as close as possible to the UPL.
- Some of the moneys may be used to fund direct grants to public hospitals. Any grant amounts retained by public hospitals are not considered Medi-Cal payments, and thus are not eligible for FFP.

At the end of this background discussion, Figure 2 (see page 7) displays our detailed projections of the annual amounts of fee moneys used to offset state costs and support quality assurance payments to hospitals under the Act.

Net Benefit and General Fund Offset for Children’s Coverage. Under the Act, beginning July 1, 2014, the annual amount of moneys used to offset General Fund costs for children’s health care coverage will equal 24 percent of the “net benefit” to hospitals, hereafter referred to as net benefit. (For the period between January 1, 2014 and June 30, 2014, the amount of General Fund offset is set at \$155 million per quarter rather than a percentage of the net benefit.) The Act defines net benefit as total fee revenue collected from hospitals in each fiscal year, minus the sum of the following quality assurance payments:

- Fee-funded supplemental payments and direct grants.
- Fee-related capitation increases for hospital payments.

Fee-related capitation increases consist of (1) fee-funded increases related to hospital services for the currently eligible population and (2) increases related to hospital services for the expansion population. Due to the enhanced FMAP for the Medi-Cal expansion, the net benefit from a capitation increase for the expansion population is generally greater than the net benefit from an equal increase for the currently eligible population. For example, a capitation increase of \$100 million for the currently eligible population would result in a net benefit of roughly \$50 million, since hospitals would provide the nonfederal share for this increase through fee revenue. In contrast, the net benefit from a capitation increase of \$100 million for the expansion population would be between \$90 million and \$100 million, depending on the FMAP in effect for the year in question.

Fee Program Periods. The Act (1) specifies the schedule of fee rates for the period between January 1, 2014 and December 31, 2016, and (2) requires DHCS to periodically redevelop the schedule of fee rates thereafter. Each schedule of fee rates will apply to separate and consecutive “program periods,” each lasting no more than three years. While the schedules may differ by program period, each schedule will conform to the general structure for assessing the fee and using the proceeds as specified in the Act. That is, for each program period, DHCS will develop a schedule of fee rates that: (1) varies per inpatient day by payer type, with higher rates assessed on Medi-Cal days, and (2) enables the maximum amount of supplemental payments and capitation increases for hospital payments that receive FFP.

The Act designates the period of January 1, 2014 through December 31, 2016 as the first program period, and the period of January 1, 2017 through June 30, 2019, as the second program period. Under the Act, DHCS will determine the duration of subsequent program periods. During

the first program period, moneys in the Hospital Quality Assurance Revenue Fund will be continuously appropriated without further legislative action. In subsequent program periods, the Legislature will authorize expenditures from the fund in the annual budget act.

FFS Maintenance-of-Effort (MOE) for Hospital Services. The Act contains a provision to ensure that fee-related moneys are used to supplement and not supplant existing funding for hospital services provided to Medi-Cal patients. Specifically, the Act stipulates that for hospital services provided to Medi-Cal patients through FFS on or after January 1, 2014, the total amount of payments supported by General Fund expenditures shall not be less than the total amount that would have been paid for the same services on December 1, 2013. The Act specifically exempts DSH replacement payments from this MOE requirement. We estimate that for the 2012-13 fiscal year, the state provided \$2 billion in General Fund expenditures for the types of FFS payments subject to the Act's MOE requirement.

Conditions Rendering Fee Inoperative. The Act includes several poison pill provisions specifying certain conditions that would render the Act inoperative, including, but not limited to:

- A judicial determination by the State Supreme Court or a State Court of Appeal that revenues from the fee must be included for purposes of calculating the Proposition 98 funding level required for schools. We describe the Proposition 98 funding requirement later in this analysis.
- A lawsuit related to the Act results in a General Fund cost of at least 0.25 percent of General Fund expenditures authorized in the most recent annual budget act (about \$240 million in 2013-14).

Absent conditions that would trigger the Act's poison pill provisions and render the Act inoperative, the Act becomes inoperative by its terms as of January 1, 2017, due to a sunset provision. Therefore, under current law, the fee will be in place only through the first program period. (Moreover, authorization of the Hospital Quality Assurance Revenue Fund expires on January 1, 2018.) However, as noted, the Act prescribes a general structure for assessing the fee and using the proceeds that would apply to subsequent program periods if legislation were enacted to both extend the fee and maintain the fund.

Projected Fiscal Effects of the Act. Figure 2 provides our projections of (1) total fees collected as authorized by the Act, (2) uses of the fee revenues under the Act, and (3) fiscal effects on the state and hospitals of the Act.

Figure 2				
Projected Fiscal Effects of Hospital Quality Assurance Fee Under the Act^a				
<i>(In Millions)</i>				
	2013-14 (Half-Year Impact)	2014-15	2015-16	2016-17 (Half-Year Impact)
Total fees collected	\$1,797	\$4,103	\$4,714	\$2,553
Uses of Fee Revenues				
Direct grants to public hospitals	27	56	67	38
General Fund offset for children's coverage	310	745	863	460
Fee revenues used to draw down FFP	1,460	3,302	3,784	2,054
Payment Increases and Federal Match				
Medi-Cal payment increases to hospitals ^b	3,144	7,149	8,245	4,433
FFP ^c	1,685	3,847	4,461	2,379
Net benefit to hospitals ^d	1,374	3,102	3,598	1,918

^a Medi-Cal Hospital Reimbursement Improvement Act of 2013.
^b Sum of fee-related supplemental payments and capitation payment increases.
^c Includes: (1) FFP leveraged by fee revenue, and (2) 100 percent federal funds for payment increases associated with the expansion population. During calendar years 2014, 2015, and 2016, the FMAP for the expansion population will be 100 percent.
^d Sum of Medi-Cal payment increases to hospitals and direct grants to public hospitals less total fees collected.
 FFP = federal financial participation; FMAP = federal medical assistance percentage.

PROPOSAL

This measure would amend the State Constitution to (1) restrict the Legislature’s ability to amend, repeal, or replace the Act by statute, and (2) require voter approval to amend or replace the Act outside of these restrictions. The measure would also amend by statute the Act’s poison pill provisions and remove the Act’s sunset provision. The measure would also remove the Act’s poison pill provision related to Proposition 98, and amend the Constitution to specify that revenues from the fee imposed by the Act and all interest earned thereon shall not be considered as revenues subject to the Proposition 98 funding requirement calculation. Below we describe the specific amendments that the measure would place in the Constitution, and then describe the statutory amendments that the measure would enact.

Constitutional Amendments

Requirements for Amending, Repealing, or Replacing the Act. This measure amends the Constitution to require two-thirds majorities in both houses of the Legislature to pass any statute that repeals the Act in its entirety. In addition, any statute that amends or replaces the Act requires voter approval in a statewide election before taking effect, unless both of the following conditions are met:

- The Legislature passes the statute with two-thirds majorities in both houses.

- The statute (1) is necessary for securing federal approval to implement the fee program, or (2) only changes the methodology used for developing the fee or quality assurance payments.

We note that under current law, the Legislature may pass legislation to broadly amend or repeal the Act with simple majorities in both houses, although some amendments could require passage by two-thirds majorities in both houses.

Fee Proceeds and Interest Exempt From Proposition 98 Calculation. Proposition 98, a constitutional amendment adopted by voters in 1988 and amended in 1990, established a set of formulas that are used to annually calculate a minimum state funding level for K-12 education and the California Community Colleges. In many cases, additional state General Fund revenues result in a higher Proposition 98 funding requirement. This measure amends the Constitution to specify that the proceeds of the fee and all interest earned on such proceeds shall not be considered in calculating the Proposition 98 funding level required for schools.

Statutory Amendments

Changes to Poison Pill Provisions. The measure amends the Act's poison pill provisions in the following ways:

- The measure deletes the provision triggered by a state judicial determination that revenues from the fee are subject to the Proposition 98 calculation. As noted earlier in this analysis, the measure amends the Constitution to specify that proceeds and interest from the fee are not subject to the Proposition 98 calculation, thereby precluding such a judicial determination.
- The measure inserts a new poison pill provision that renders the Act inoperative if the Legislature does not appropriate moneys in the Hospital Quality Assurance Revenue Fund within 30 days following enactment of the annual budget act.
- The measure amends the provision triggered by a General Fund cost from a lawsuit related to the Act. Specifically, the measure redefines the threshold cost to be an overall net cost to the General Fund due to the Act remaining operative, rather than 0.25 percent of General Fund expenditures authorized in the budget act.

Removal of Sunset Provisions. The measure deletes the Act's sunset provision. The measure also nullifies the current-law sunset of the Hospital Quality Assurance Revenue Fund, and instead specifies that the fund shall remain operative as long as the Act remains operative. These combined changes permanently extend the fee program under the Act—starting with the second program period—absent one of the following conditions being met.

- An event occurs that triggers one of the Act's poison pill provisions (as amended by the measure).
- Additional statute that amends, repeals, or replaces the Act is adopted and takes effect in accordance with the measure's Constitutional requirements.

FISCAL EFFECTS

Significant Ongoing Fiscal Benefits to State and Local Governments in Future Years

Continuation of Fee-Related Fiscal Benefits. Under current law, the Act becomes inoperative on January 1, 2017. As a result, both the imposition of the fee and its related fiscal effects are currently scheduled to end with the first program period. By removing the Act's sunset provision, the measure provides the authority for implementation of the fee to continue without interruption through subsequent program periods. Implementation of the fee across program periods would be governed by the Act's general structure for assessing the fee and using the proceeds. Thus, following the first six months of 2016-17, the measure would maintain ongoing significant fiscal benefits to state and local governments that otherwise would cease to exist under current law.

Specifically, barring conditions that would trigger the Act's poison pill provisions, the measure would permanently extend the following fiscal benefits to the state and local governments.

- General Fund offset for children's coverage. Under the Act's current provisions (continued by this measure), annual state savings would be equal to 24 percent of the fee's net benefit.
- Direct grants, capitation increases, and other quality assurance payments that benefit counties, the UC system, health care districts, and other units of government that own and operate public hospitals.

Estimated Level and Growth of Fiscal Benefits. For each year, the exact amount of fiscal benefits to state and local governments would depend on the total amount of fee revenue collected, the amount of quality assurance payments made to hospitals, and the resulting calculation of net benefit. As these factors are currently unknown and their estimation subject to some uncertainty, to project the measure's fiscal impact, we rely on assumptions about the annual growth in federally allowable quality assurance payments to hospitals. Figure 3 (see next page) summarizes our multiyear projection of the measure's fiscal effect on the state General Fund by providing fee revenues that offset state General Fund costs for children's coverage. We estimate that the General Fund offset for children's coverage would be around \$500 million during the last six months of 2016-17, reach more than \$1 billion by 2019-20, and grow between 5 to 10 percent annually thereafter. We also estimate that quality assurance payments to state and local public hospitals would be around \$90 million during the last six months of 2016-17, reach around \$250 million by 2019-20, and grow between 5 percent to 10 percent annually thereafter. Below we discuss some considerations that affect our estimates.

<p>Figure 3 Projected Additional General Fund Offset for Children’s Coverage Under Measure</p>	
<p><i>(In Billions)</i></p>	
2016-17 ^a	\$0.5
2017-18	1.0
2018-19	1.1
2019-20	1.2
<p>^a Savings from continuing hospital quality assurance fee through last six months of 2016-17.</p>	

Federal Sources of Uncertainty

We briefly highlight potential federal decisions that, if implemented, could lead to significant deviations from our estimates of the measure’s fiscal effects.

Allowable Rate of Provider Charges. Federal regulations currently discourage states from levying provider charges that exceed 6 percent of net patient revenue. Historically, hospital fee programs in California have approached this threshold by assessing fees as high as 5.5 percent of net patient revenue. We note that states have previously litigated and successfully blocked regulations promulgated by CMS that would have reduced the allowable rate of provider charges. If the federal government were to successfully reduce permissible provider charges—for example, to 3 percent rather than 6 percent of net patient revenue—this could significantly lower estimated annual savings within our multiyear projection. Such a change would also affect our estimate of savings growth beyond 2019-20.

Oversight of Quality Assurance Payments. Federal cost containment strategies could also affect the amount of quality assurance payments available under the fee. For example, changes in federal Medicaid policy governing UPL calculations would affect supplemental payments. As another example, CMS has expressed its intention to tighten its oversight of capitation payment development in Medicaid managed care and “look under the hood” of states’ actuarial certification practices. Although it is difficult to quantify the overall impact of these scenarios on quality assurance payments given the varying forms such restrictions could take, they would generally lead to lower net benefits to hospitals under the fee program, and thus lower estimated savings to state and local governments from adopting the measure.

Summary of Fiscal Effects

We estimate that the measure would result in the following major fiscal impacts:

- State savings from increased revenues that offset state costs for children’s health coverage of around \$500 million beginning in 2016-17 (half-year savings) to over \$1 billion annually by 2019-20, likely growing between 5 percent to 10 percent annually thereafter.

- Increased revenues to support state and local public hospitals of around \$90 million beginning in 2016-17 (half-year) to \$250 million annually by 2019-20, likely growing between 5 percent to 10 percent annually thereafter.

Sincerely,

Mac Taylor
Legislative Analyst

Michael Cohen
Director of Finance



December 3, 2015

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To: CSAC Board of Directors

From: Matt Cate, Executive Director
Graham Knaus, Director of Operations and Member Services
DeAnn Baker, Director of Legislative Affairs

Re: **CSAC Strategic Plan**

Recommended Action: CSAC Board to approve the 2016 Strategic Plan.

Over the past year, CSAC staff has been developing a strategic plan under the direction and leadership of the Board and Executive Committee. The plan has been developed with critical input of all CSAC staff, as well as staff from the CSAC Finance Corporation, CSAC Institute, and broad discussion with CAOAC.

The CSAC Strategic Plan includes updated Vision, Mission, and Value statements previously discussed by the Board and outlines a strategic framework for CSAC to most effectively leverage our strengths and meet member needs. In doing so, the strategic plan reflects a comprehensive strategic approach to all facets of CSAC including advocacy, communications, education, member engagement, corporate partnerships, and internal operations.

The plan is intended to be a living document to focus CSAC staff on the strategic goals and objectives that will best meet member priorities over the coming years. CSAC staff is currently developing work plans and timelines to accomplish each strategic objective. Work plans will be finalized early next year and will evolve over time to achieve long-term objectives in the ever-changing Federal, State, and county environments.

CALIFORNIA STATE ASSOCIATION OF
COUNTIES

STRATEGIC PLAN

2016

The California State Association of Counties (CSAC) last approved a strategic plan in 2003. The plan contains many elements that continue to guide CSAC today, including the Vision and Mission statements of the association, and the obvious focus on advocacy and communications.

Over the last decade, the relationships between counties and the federal and state governments have become ever more complex. At the same time, the tools to communicate with our members, partners, and stakeholders continue to evolve with the advent of new technology. As such, it has become critically important to renew efforts to develop a comprehensive strategic approach to advocacy, communications, education, member engagement, and internal operations.

Key goals for the strategic plan include:

- Enhancing CSAC influence on federal and state policy priorities.
- Improving communication to members, stakeholders, the media, and the public.
- Producing high-quality research and analysis on policy issues of importance to counties.
- Providing critical educational and training opportunities to county leaders through the CSAC Institute and other venues.
- Maintaining efficient and effective internal operations of the association.

The following pages outline a strategic framework for CSAC to best leverage our strengths and meet member needs. This is intended to be a “living document,” providing the consistency needed to achieve long-term goals while allowing for the flexibility to adapt to a changing environment.

CSAC VISION

The California State Association of Counties (CSAC) serves as the effective advocate and unified voice of California's 58 counties.

CSAC MISSION

To serve California counties by: developing and equipping county leaders to better serve their communities; effectively advocating and partnering with state and federal governments for appropriate policies, laws, and funding; and communicating the value of the critical work being accomplished by county government.

CSAC VALUES AND PRINCIPLES

The California State Association of Counties (CSAC) shall adhere to the highest professional standards of conduct relying on its character, integrity, ability, and strength. To this end, CSAC subscribes equally to the following values and principles:

1. **County Focused** - We will be county-focused and our policies will be member-driven.
2. **Integrity** - We will be consistently honest and fair.
3. **Teamwork** - We recognize that we can accomplish more working together, so we will support each other and strive to work as a team.
4. **Adaptability** - We are committed to proactively and effectively adapting to new situations and environments.
5. **Respect** - We genuinely value those who are different from ourselves and will respect a diversity of viewpoints, backgrounds, cultures, and lifestyles.
6. **Continuous Improvement** - We are committed to personal development and we will all take deliberate steps to improve every day.
7. **Accountability** - We will hold one another accountable and work tirelessly to accomplish our goals and fulfill our mission while upholding the values we share.

STRATEGIC GOALS

FORMIDABLE ADVOCACY ON BEHALF OF COUNTIES

Effective advocacy and strategic partnering with the state and federal governments for appropriate policies, laws, and funding needed for counties to best meet community needs.

1. Effectively utilize county leaders in advocacy efforts to influence the Legislature, Congress, and state/federal Administration officials.
2. Build and nurture strong relationships with decision makers.
3. Establish powerful coalitions and partnerships with affiliates and other stakeholders to enhance the quality of policy development and the strength of advocacy.
4. Optimize use of CSAC's communications, education and operations resources to enhance advocacy.
5. Strategically engage in the state initiative process; meet with prospective statewide candidates.

DEVELOP AND EQUIP COUNTY LEADERS TO BETTER SERVE THEIR COMMUNITIES

Providing tools and opportunities for county leaders to better serve their communities.

1. Expand reach and influence of CSAC Institute for Excellence in County Government.
2. Leverage communication, legislative, operations, and corporate unit collaboration to increase member engagement opportunities.
3. Collaborate with affiliates and outside groups (cities, special districts, and stakeholders) to expand educational opportunities for county leaders throughout California.
4. Regularly convene county leaders and partner with existing regional county forums to increase innovation, collaboration, and the sharing of best practices.
5. Facilitate relationship building between county officials and state policy-makers.

STRATEGIC COMMUNICATIONS AND ANALYTICS

Understand and communicate the value of the critical work being accomplished by county government through research, analysis, field work, and dissemination of best practices.

1. Serve as the pre-eminent source of information on California counties, utilizing technology, social media, and other platforms to speak out concerning the critical work being accomplished by California counties as well as challenges and solutions.
2. Expand internal research and analysis on county issues in order to enhance advocacy, and to increase the knowledge-base of county officials, policy makers, research organizations, and the public.
3. Build robust partnerships with public policy foundations, the private sector, and other potential partners to enhance education, research, innovation, and tools for advocacy.
4. Build a stronger understanding of California counties and better communication with CSAC members through conducting media-work in the field, visiting county programs, attending member-focused events and presenting at county board meetings.

ACHIEVE EXCELLENCE IN ASSOCIATION MANAGEMENT

Maximize the effectiveness of the association and value to members by adopting best-practices in association management while keeping dues as low as possible.

1. Implement cutting-edge Association Management Software (AMS) System to better coordinate interactions with counties.
2. Develop and implement an employee training and career development program to ensure recruitment, development and retention of talented staff.
3. Secure long-term financial security of CSAC by building a strategic reserve and a pool of unrestricted funds for statewide advocacy efforts.
4. Demonstrate fiscal responsibility to ensure resources are used most effectively and dues remain as low as possible.
5. Implement state-of-the-art IT to most efficiently meet member needs while protecting the security of county interests.
6. Build mutually-beneficial relationships between counties and our corporate partners.
7. Identify and pursue opportunities for CSAC to fully support the CSAC Finance Corporation.



INSTITUTE FOR LOCAL GOVERNMENTSM

Promoting Good Government at the Local Level

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Update on Activities

December 2015

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

Highlights

- San Mateo County wins Beacon Award. San Mateo is ILG’s first county winner. The award was presented at CSAC’s 2015 Annual Conference.
- Twenty-two staff and county elected officials take ILG’s CSAC Institute course entitled “Intergovernmental Relations: Building Leaders and Resources Across Jurisdictions.”
- CSAC County Counsels’ Association partners with ILG to present at State Controller’s Annual Conference with County Auditors session on open governance and good governance.
- Santa Clara and San Mateo counties hold forum on immigrant integration facilitated by ILG.
- ILG Board meets and adopts goals, strategies and outcome measures for 2016.
- The new ILG website has officially launched! In an effort to better serve our audience the new site is organized by subject area and has an advanced search function. If you have not already had a chance to do so, please visit the new site at www.ca-ilg.org.
- ILG has created new resources on collaboration, summer meals, sustainability and more (see links below).

2016 Goal, Strategies and Outcomes

The ILG Board met on Friday November 13th. Agenda topics included 2016 goals, governance and the Public Engagement Programs’ Evaluation Project.

The Board adopted the following goal: The Institute's goal is to assist local leaders to govern effectively and ethically, work collaboratively and foster healthy and sustainable communities.

To do this, ILG will:

- 1.) Provide education, inspiration, resources and support to local leaders to: (1) govern effectively and ethically; (2) work collaboratively; and (3) foster healthy and sustainable communities;
- 2.) Increase local leaders' awareness of the Institute's resources; and
- 3.) Strengthen the Institute.

San Mateo County (Beacon Award Winner)

The County of San Mateo is the first county to earn a Beacon Award for its comprehensive approach to sustainability. For example, the county has been a pioneer in the area of green power, constructing a 260 kW solar system at the Crime Lab and youth Services Center in 2003 and a 360 kW system in the County parking garage in 2010. The facilities staff have improved the efficiency of our heating and ventilating systems and installed motion sensors on lights and replaced high energy fixtures with more energy efficient equipment. And over 25% of the county's employees are commuting by public transit and/or working a flex schedule to reduce GHG emissions from commuting.

The county illustrated the following measureable results:

- 5% Agency Energy Savings
- 8% Community Greenhouse Gas Reductions
- 15% Agency Greenhouse Gas Reductions
- 7% Natural Gas Savings
- Reported more than 60 Sustainability Activities

Recent Workshops and Trainings

- In November, ILG facilitated a CSAC Institute course "Intergovernmental Relations: Building Leaders and Resources Across Jurisdictions" featuring the County of San Bernardino and Challenge Award winner County of Santa Cruz. Learn more about collaboration in ILG's updated Stretching Community Dollars Guidebook here: www.ca-ilg.org/resource/stretching-community-dollars-guidebook.
- The Summer Meal Coalition hosted a leadership breakfast in Tulare County for county supervisors, city council members, and school board members. The convening was co-hosted by USDA, Food Research and Action Center, CSBA and FoodLink. All cities were represented at the convening, as well as the chairman of the board of supervisors (and CSAC board member). Additional attendees included US Health and Human Services, Tulare County Association of Governments and staff from state and federal legislative offices.
- The Coalition piloted community events in Contra Costa County built around summer meals that focused on back-to-school and the importance of school attendance, literacy and health. Community partners included the Contra Costa District Attorney's Office, the Contra Costa County Probation Office, Pittsburg Police, First Five, Contra Costa

Children and Family services, Contra Costa Department of Public Health, Contra Costa Fire Protection District, the City of Pittsburg, Pittsburg Unified and West Contra Costa Unified School Districts, local farmers, and other agencies.

- ILG facilitated one session at CSDA’s Annual Conference “Tips to Encourage Broader Public Involvement in Your Community,” and had a booth in their expo.
- ILG facilitated two sessions at CSDA’s Board Secretaries/Clerks Conference in October: “Engaging Residents in the Digital Age” and “A Successful Start to Public Service: Orienting Your Newly Elected Officials,” and had an informational table to promote ILG and distribute resources.
- ILG facilitated a number of session at the League of California Cities Annual Conference including: “Understanding Public Service Ethics Laws and Principles (AB 1234 Training),” “Understanding Your City’s CVRA Options: 2015 Update,” “Successfully Navigating Conflict of Interest Reporting,” “Engaging Residents in the Digital Age” and “Community Wellness: Mayors and Council Members Creating Healthy and Vibrant Communities.” In addition, ILG hosted a breakfast for the Beacon Award winners, held a reception to distribute the Beacon Spotlight Awards and had a booth at the expo.
- At the CalAPA Annual Conference ILG hosted a session “Cap and Trade and Disadvantaged Communities: Engaging Residents and Planning Projects that Get Dollars and Make Sense.”
- San Joaquin Valley Regional Planning Agencies Annual Fall Policy Conference – “The New Normal: Transportation planning and leveraging funding in the new normal.”
- State Controller’s Annual Conference with County Auditors - “Good Governance/Open Government”
- ILG held a Local Government Convening on Immigrant Integration: The Cities and Counties of San Mateo and Santa Clara.
- The Palo Alto city-wide ethics training project kicked off on November 4th.
- The public engagement program is working with the City of San Jose on an immigrant integration project.

Immigrant Integration Project

In late October, ILG hosted a convening of county and city staff and elected officials from San Mateo and Santa Clara counties to educate and inform local officials about immigrant integration, create a safe public sector space for learning and networking and identify potential collaborative opportunities. San Mateo County Supervisor Warren Slocum, Santa Clara County Supervisor Cindy Chavez and Redwood City Mayor, Jeff Gee welcomed the participants and Navin Moul, from the Silicon Valley Community Foundation shared data and contextual information on immigrant integration in the region. Using multiple interactive public engagement tools (facilitated small group discussion, peer coaching exercises and live polling) the attendees discussed the role of local governments in effective immigrant integration. Topics included: economic development, welcoming immigrants into communities, citizenship and Deferred Action for Childhood Arrivals (DACA), immigrant youth and community safety.

The convening is part of a regional project to help build stronger communities through effective immigrant integration. ILG is developing immigrant integration resources for local governments; providing technical assistance and creating linkages between local governments, schools community-based organizations, business, and philanthropic organizations in San Mateo and Santa Clara Counties.

Participants shared that they gained a regional perspective on issues they grapple with in their own jurisdiction and committed to partnering within and beyond their jurisdiction to: plan regional citizenship activities, support and expand police community relations, examine internal practices and incorporate cultural competency as needed and expand community stakeholder engagement to solicit input, inclusion, partnership and build on small successes.

Visit ILG's website for resources on immigrant engagement and integration: www.ca-ilg.org/immigrant-engagement-and-integration.

New Articles and Resources

- The County Voice: Tips to Encourage Broader Public Involvement in Your Community www.counties.org/county-voice/tips-encourage-broader-public-involvement-your-community
- The County Voice: The Beacon Program Sacramento County: Learning and Sharing www.counties.org/county-voice/beacon-program
- The County Voice: ILG Celebrates 60 Years of Service to California's Local Governments www.counties.org/county-voice/ilg-celebrates-60-years-service-californias-local-governments
- Fighting Hunger and Obesity When Kids are Out of School: Summer Meals in Your Community – discusses the importance of summer meals to the health and academic success of California's youth and ways cities can be more involved (www.westerncity.com/Western-City/September-2015/Fighting-Hunger-and-Obesity-When-Kids-are-Out-of-School-Summer-Meals-in-Your-Community/).
- Cities, Counties and Schools Work Together to Stretch Community Dollars – outlines ILG's update of the Stretching Community Dollars Guidebook (www.westerncity.com/Western-City/September-2015/Cities-Counties-and-Schools-Work-Together-to-Stretch-Community-Dollars/). Access the updated guidebook here: www.ca-ilg.org/document/stretching-community-dollars.
- Palo Alto Builds on a Legacy of Innovation as a Sustainable Community – highlights 2014 Beacon Award winner Palo Alto and the city's dedication to innovation and its history of sustainability leadership and community engagement (www.westerncity.com/Western-City/September-2015/Palo-Alto-Builds-on-a-Legacy-of-Innovation-as-a-Sustainable-Community/).
- Leader to Leader Meetings: An Opportunity to Share, Understand, Align and Make Lasting Progress – outlines how joint meetings can be beneficial (www.ca-ilg.org/resource/leader-leader-meetings).
- Food Brings Communities Together - discusses how USDA summer meal programs aim to address the summer nutrition gap while also providing opportunities to ensure low-income youth have a summer safety net (https://cpca.memberclicks.net/index.php?option=com_dailyplanetblog&view=entry&year=2015&month=09&day=14&id=39:food-brings-communities-together).
- West Sacramento's Path to a Safer, Healthier Community - provides an example of cross-agency collaboration in support of youth and families having access to a healthier community and safer access to get to and from community resources. (www.ca-ilg.org/case-story/west-sacramentos-path-safer-healthier-community).
- Public Engagement in Budgeting Leads to Greater Trust and Transparency – discusses the workshops ILG helped facilitate in the Town of Paradise and provides an overview of ILG's budgeting and financial management resources (www.westerncity.com/Western-City/November-2015/Public-Engagement-in-Budgeting-Leads-to-Greater-Trust-and-Transparency/).

2016 CSAC Board of Directors Calendar of Events

January

- 13 CSAC Executive Committee Orientation Dinner, Sacramento County
- 14 CSAC Executive Committee Meeting, Sacramento County
- 20 RCRC Board Meeting & Installation of Officers Reception, Sacramento County

February

- 10-12 CSAC Premier Corporate Partner Forum, San Diego County
- 18 CSAC Board of Directors Meeting, Sacramento County
10:00am – 1:30pm, Masonic Hall, 1123 J St, 3rd Floor, Sacramento
- 20-24 NACo Legislative Conference, Washington, D.C.

March

- 16 RCRC Board Meeting, Sacramento County

April

- 7 CSAC Executive Committee Meeting, Sacramento or Los Angeles County
- 20-21 RCRC Board Meeting, Glenn County
- 27-29 CSAC Finance Corporation Board Meeting, Riverside County

May

- 18-19 CSAC Legislative Conference, Sacramento County
- 19 CSAC Board of Directors Meeting, Sacramento County
10:00am – 1:30pm, Masonic Hall, 1123 J St, 3rd Floor, Sacramento
- 25-27 NACo Western Interstate Region Conference, Jackson Hole, Wyoming

June

- 22 RCRC Board Meeting, Sacramento County

July

- 22-25 NACo Annual Meeting, Los Angeles County/Long Beach

August

- 4 CSAC Executive Committee Meeting, Sacramento County
- 17 RCRC Board Meeting, Sacramento County

September

- 1 CSAC Board of Directors Meeting, Sacramento County
10:00am – 1:30pm, Masonic Hall, 1123 J St, 3rd Floor, Sacramento
- 14-16 CSAC Finance Corporation Board Meeting, Santa Barbara County
- 28-30 RCRC Annual Meeting, Placer County

October

- 5-7 CSAC Executive Committee Retreat, Location TBD

November - December

- 29-2 CSAC 122nd Annual Meeting, Palm Springs, Riverside County

December

- 1 CSAC Board of Directors Meeting, Palm Springs, Riverside County
2:00pm – 4:00pm, Palm Springs Convention Center, 277 N Avenida Caballeros, Palm Springs
- 7 RCRC Board Meeting, Sacramento County
- 14-16 CSAC Officers' Retreat, Napa County

As of 11/6/15